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THE EFFECTIVENESS OF DIRECT MAIL ADVERTISING

by

© Dale Landry

A THESIS

SUBMITTED TO THE FACULTY OF GRADUATE STUDIES  
IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE  
OF MASTER OF BUSINESS ADMINISTRATION

FACULTY OF BUSINESS ADMINISTRATION AND COMMERCE

EDMONTON, ALBERTA

SPRING, 1970



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UNIVERSITY OF ALBERTA  
FACULTY OF GRADUATE STUDIES

The undersigned certify that they have read, and  
recommend to the Faculty of Graduate Studies for acceptance, a thesis  
entitled THE EFFECTIVENESS OF DIRECT MAIL ADVERTISING submitted by  
Dale Landry in partial fulfilment of the requirements for the degree  
of Master of Business Administration.



## ABSTRACT

Direct mail has been used extensively since the end of World War II as one of the advertising media. Each year, companies spend millions of dollars in sending thousands of tons of direct mail advertising through the post office system. Direct mail has come to be known as "junk mail" and yet there seems to be no decrease in its use.

This thesis was undertaken to analyze the direct mail medium and to discover the addressee's reaction to it. In addition, it is hoped that this study will help advertising management to select the best medium for particular campaigns.

Although public opinion seems to indicate that direct mail is ineffective and highly annoying, it was discovered that direct mail is very successful in the performance of certain promotional tasks. Indeed, direct mail has advantages which recommend its use in the communication of certain product information.

Direct mail is effective when used for certain tasks, but it also has disadvantages which should prohibit its use in many cases. Advertisers, however,



persist in using direct mail indiscriminately, and this practice has given rise to the term "junk mail". Unfortunately, too much direct mail advertising falls into the "junk mail" category.





## ACKNOWLEDGEMENTS

The preparation of this thesis required the contributions and efforts of many people. I am grateful that I have this opportunity to express my sincere appreciation to all those busy executives who took the time and the trouble to assist me in exploring the field of direct mail advertising. Their considerable knowledge and assistance clarified many problem areas.

I am greatly indebted to Dr. Montgomery, whose sage advice assisted me in avoiding many research pitfalls, and who read and criticized the first draft of this manuscript.

However, without the efforts of Professor Robarts and Dr. Williams, it is unlikely that I would have completed the thesis. I greatly appreciate their kindly assistance.

I am especially grateful to my wife who put up with all my many moods and annoyances when all looked hopeless.



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## PART I

### BACKGROUND AND PROCEDURE OF THE STUDY



## CHAPTER I

### THE RESEARCH PROPOSAL

#### The General Research Problem

##### A Brief Outline of Canadian Advertising

Canada has become an industrial nation whose prosperity depends on the ability to sell vast quantities of a great variety of goods and services at home and abroad. Goods and services enrich the life of the community only when they reach the customer and are put to use. This calls for mass and selective communication and distribution.<sup>1</sup>

Seldom does a day go by in which a person does not come in contact with industrial communication (advertising) in one form or another. Advertising expenditures in Canada increased by approximately 500 percent between 1946 and 1966.<sup>2</sup> Table 1 shows that per capita expenditures increased by 400 percent in this

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<sup>1</sup>Canadian Advertising Advisory Board, Advertising Today (Toronto: Canadian Advertising Advisory Board, 1967), p. 1.

<sup>2</sup>"Advertising: A Feature Report", The Financial Post, (Nov. 9, 1968), p. A-1



period while total expenditures increased by 600 percent.

TABLE 1  
CANADIAN ADVERTISING OUTLAYS

	Total (\$ million)	Per Capita (\$)	Proportion of GNP (%)
1966	821	41.22	1.4
1956	463	28.81	1.5
1946	131	10.65	1.1

Source: O.J. Firestone, The Economic Implications of Advertising, (Methuen, 1967)

High-volume, low-cost production is essential for the modern manufacturer, since he is forced to compete in a vigorous and often international market place. But high-volume production implies high-volume sales, and the manufacturer is largely dependent upon advertising to make large masses of the public aware of his product.

In fact, mass production and advertising have advanced rapidly and simultaneously over the last 22 years. In a recent article the Financial Post stated:

Economists find much significance in the fact that the development of modern mass production techniques and the growth of advertising have gone hand in hand. Mass production, in short, requires mass distribution and this, in turn, involves mass marketing.<sup>1</sup>

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<sup>1</sup>"Advertising: A Feature Report", The Financial Post. (Nov. 9, 1968), p. A-2.





According to the Maclean-Hunter Research Bureau, total expenditures by advertisers in mass media will equal approximately \$970 million in 1968. In addition, companies will spend another \$102 million on their own. Films for advertising purposes and other miscellaneous expenditures will add \$52 million while direct mail outlays and transit cards (\$4 million) will reach the \$160 million level.<sup>1</sup> There are about 25,000 jobs directly involved in this \$1.3 billion-a-year industry.<sup>2</sup>

Advertising is intended to stimulate demand by telling people what is available, where it is available, and at what price. It serves the purpose of increasing sales, which in turn supports mass production techniques and maintains our present standard of living, by informing potential customers of what is available and persuading them to buy.

In order for advertising to fulfill its role in our society, it must be well planned and, above all else, it must be effective.

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<sup>1</sup>The Canadian Direct Mail Association's estimate differs from the Maclean-Hunter Research Bureau estimate (see infra, p.6 ).

<sup>2</sup>"Advertising: A Feature Report:, The Financial Post (Nov. 9, 1968), p. A-3.



## The Effectiveness of Advertising

The value and effectiveness of advertising depends upon the quality of the decisions made by the advertising management. The major advertising problems and decision areas are:

1. appraising the opportunity for profitable advertising,
2. combining advertising properly with all other marketing components,
3. organizing for effective advertising performance,
4. determining realistic objectives,
5. setting the proper advertising appropriation,
6. finding the strongest message content,
7. selecting the best medium or media,
8. presenting the message effectively,
9. scheduling the advertisements, and
10. measuring the effectiveness of advertisements and campaigns.<sup>1</sup>

Many of these areas have not been thoroughly studied.

The purpose of this thesis is to aid the advertisers in selecting the best medium or media by examining an increasingly important marketing tool, direct mail advertising.

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<sup>1</sup>Albert Wesley Frey, Advertising (New York: Ronald Press Company, 1964), P. 4.



It is not the intention of this paper to show that direct mail is superior to any other particular medium. Rather, it is to discover whether direct mail has any special strengths or weaknesses which make it especially suitable or unsuitable for certain marketing tasks.

### Direct Mail Advertising

Direct mail advertising is the advertising of a product through the mail.<sup>1</sup> It is the third largest of the advertising media available in both Canada and the United States and consistently rates as the third or fourth dollar investment area for advertisers.<sup>2</sup> In 1967 because of Expo and the Centennial year celebrations, it moved into first place in Canada as a dollar investment area for advertisers.<sup>3</sup>

Table 2 compares the net advertising revenue of the different media. The figure for direct mail takes into account only direct mail advertising through advertising agencies and government concerns. Centennial year was, of course, a stupendous year for direct mail advertising as well as for the other media. However, indications are that direct mail held its place in 1968.

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<sup>1</sup>This definition is expanded (see infra, p.26 ).

<sup>2</sup>"Advertising: A Feature Report", The Financial Post, (Nov. 9, 1968), p. A-57. This was confirmed in correspondence with Mr. R.E. Oliver, executive vice-president of the Canadian Advertising Advisory Board.

<sup>3</sup>Ibid, p. A-57.





TABLE 2

## NET ADVERTISING REVENUES BY MEDIA - 1967

	\$(Thousands)	Per Cent
Daily Newspapers	252,000	29.9
Direct Mail	185,000	21.9
Television	106,000	12.6
Radio	86,000	10.2
Bill Boards, Car Cards, Signs	60,000	7.1
Directories, phone, city	38,500	4.6
Weekly Newspapers	35,000	4.1
Business Papers	32,000	3.9
General Magazines	23,100	2.7
Weekend Supplement	18,500	2.2
Farm Papers	4,200	.5
Religions, School, other	<u>3,100</u>	.4
Total	\$ 843,900	

These figures are estimated by the Maclean-Hunter Research Bureau. The total figure is 1.5% of Canada's Gross National Product.

Source: Canadian Advertising Advisory Board,  
Advertising Today

According to the Canadian Direct Mail Association, the total value of direct mail advertising in Canada was \$379 million in 1967.<sup>1</sup> This is higher than the Maclean-Hunter estimate<sup>2</sup> because it takes into account companies who do their own printing and mailing. Furthermore, printed advertisements sent by mail produce \$35,000,000 in postage revenue annually.<sup>3</sup>

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<sup>1</sup>Ibid.

<sup>2</sup>The Maclean-Hunter Research Bureau estimates the dollar volume of direct mail advertising at \$156 million.

<sup>3</sup>This information was obtained from Mr. David MacLellan, the General Manager of the Graphic Arts Industrial Association. It was substantiated by Mr. R.F. Horgan, the Acting Director of Information and Public Relations of the Canada Post Office System.





Direct mail is said to be the fastest growing advertising medium in Canada. According to Vic Baker, president of the Canadian Direct Mail Association, the growth rate is 10% per year.<sup>1</sup> Many companies are just starting to use this form of advertising. Canadian oil companies use direct mail advertising in order to activate credit card customers.<sup>2</sup> The Canadian government is also beginning to use this form of advertising very extensively.

The Canadian Government Travel Bureau is one of the largest users of direct mail advertising in Canada. In 1968 it spent from 7 to 8% of its \$10 million budget on direct mail advertising. It views direct mail as such an important medium that in 1967 it created the new position of Direct Mail Officer. This position was filled by J. Gerald Gales, a man with 15 years experience in the field. By the end of 1968, they will have handled 4.5 million direct mail pieces.<sup>3</sup>

The government's great interest in this medium was sparked during the early 1960's. During this period

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<sup>1</sup>"Advertising: A Feature Report", The Financial Post, (Nov. 9, 1968), p. A-57

<sup>2</sup>See Infra p. 192 ).

<sup>3</sup>"Advertising: A Feature Report", The Financial Post, (Nov. 9, 1968), p. A-57. This was confirmed in correspondence with Mr. Gales.



a direct mail list of potential travelers was established.<sup>1</sup> Names were chosen from this list for various campaigns and the chosen person was subsequently sent direct mail pieces advertising certain areas of travel in Canada. Responses to the direct mail campaigns during this period, using this list, varied between 12 and 27% of the total mailings for each campaign.

The bureau later tried a "cold" list<sup>2</sup> (drawn from automobile registration and special interest lists). Response exceeded 9% in some cases.<sup>3</sup> This shows the additional importance of basing direct mail advertising on the most appropriate direct mail list.

The Financial Post states: "Bureau men already know that roughly half the enquirers wind up on a Canadian vacation." This means the 4.5 million direct mail pieces

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<sup>1</sup>This list was obtained by collecting the names of the people who wrote in asking for further information in response to campaigns in the so-called "mass media", such as the newspaper, television, and magazines.

<sup>2</sup>A "cold" list is a list of people who have displayed no particular interest in the product advertised. The list may contain people who are interested in the product advertised or it may not. It differs from the previously described list in that these people had previously shown their interest in the advertised product, travel.

<sup>3</sup>"Advertising: A Feature Report", The Financial Post (Nov. 9, 1968), p. A-39. This was confirmed in correspondence with Mr. Gales.



mailed in 1968 should attract 200,000<sup>1</sup> people to Canada. That is, for every \$3.50 worth of advertising one sale is expected.<sup>2</sup> If the travelers spend at least \$350 on the vacation, the Canadian Government Travel Bureau's total expenses have been covered. The government considers this a good investment and with more sophisticated mailing lists they are looking forward to higher returns.

There is one additional benefit that bureau men attribute to direct mail advertising. They claim that what they learn in direct mail advertising is useful in the other advertising media. Direct mail is the "guinea pig" for the Canadian Government Travel Bureau's advertising program.<sup>3</sup>

Very few agencies have the know-how or personnel to handle direct mail effectively at present. However, Mr. Baker has stated that advertising companies are becoming more involved with this medium and will use it increasingly in the next decade.<sup>4</sup>

In recent years, there has been a swing to fees (rather than commissions) in the advertising business, and many people believe that this will cause an additional growth in direct mail advertising. According to Mr. R.E.

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<sup>1</sup>4,500,000 X .09 / 2

<sup>2</sup>\$10,000,000 x .07 / 200,000

<sup>3</sup>"Advertising: A Feature Report", The Financial Post (Nov. 9, 1968), p. A-39.

<sup>4</sup>Ibid, p. A-57.





Oliver, Executive Vice President of the Canadian Advertising Advisory Board, commissions do not provide an adequate return for the creative work and planning involved in the preparation of direct mail pieces. This statement is further supported by Mr. A.G. Gunter, Co-ordinator of Advertising for Shell Canada Limited. Mr. Gunter states that: "until printers and Eric Kierhans (sic) start giving 15 percent - or until the agencies finally throw out commissions and adopt a system of professional fees - direct mail is not a way for agencies to make money. It's a pain in the neck."

Direct mail has been used extensively since the end of World War II as a method of sales promotion and one of the advertising media. Each year, Canadian companies spend millions of dollars on this form of advertising and thousands of tons of direct mail flow through the post office system. Direct mail has come to be known as "junk mail" and yet there seems to be no downward trend in the amount of direct mail advertising done.

#### A Statement of the General Research Objectives

Little is written about this medium's characteristics, values, or effectiveness. Advertising and Marketing Research text books devote, at most, a few lines to it. Members of the advertising profession claim that





not enough is known about direct mail<sup>1</sup> and James H. Mackay, Circulation manager of the Readers' Digest Association (Canada) Limited, stated: "The most amazing factor about Direct mail generally is the lack of information available". Baker, in a recent article in Marketing, states: "It has been impossible to get basic facts about the industry. Even the D.B.S. doesn't have it listed as a category of the advertising industry."<sup>2</sup> For that matter, Albert W. Frey in his book, Advertising,<sup>3</sup> ignores direct mail as one of the major media in many places and classifies it as a sales promotion "gimmick."

Due to the paucity of information concerning direct mail advertising, the general research objectives are to:

1. enhance success in advertising management by studying an advertising problem area, i.e. the selection of the best media available.
2. resolve an inconsistency, i.e. little is known about direct mail advertising yet its use is increasing,
3. measure the effectiveness of direct mail advertising in several test cases,
4. discover the reasons why it is presently being used in Canada and the purposes for its use,

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<sup>1</sup>The majority of the associations, advertisers, and advertising agencies contacted in the preparation of this thesis mentioned the lack of research and information concerning Direct Mail

<sup>2</sup>Vic Baker, "Postal rates will aid DM-industry," Marketing (January 17, 1969)

<sup>3</sup>Albert W. Frey, Advertising, p. 235



5. discover the types of firms using this media in Canada, their absolute number, and the percentage of their advertising, and
6. discover characteristics of direct mail advertising that make it suitable for certain purposes.

#### Justification for the Proposal

Fred T. Schreier states: "It is doubtful that there is any other function in industry where management bases so much expenditure on such scanty knowledge as in advertising.<sup>1</sup> If this is true of advertising in general, it is definitely true of advertising through the direct mail medium. There have been very few, if any, studies dealing exclusively with the medium of direct mail and its effectiveness in Canada.

This study is justified for the following reasons.

1. It will enhance success in advertising management by helping to fill a gap in knowledge regarding the selection of the best media available.

This is warranted because:

- a. advertising contributes to the economic growth of Canada,
- b. advertising supplies many jobs directly and indirectly to Canadians,

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<sup>1</sup>Fred T. Schreier, Modern Marketing Research (Belmont, California: Wadsworth Publishing Co., 1963), p. 337.



- c. advertising is one of the largest Canadian industries --\$1.3 billion-a-year, and
  - d. advertising aids consumers in determining the best buy for the lowest price.
2. It will promote the effective handling of direct mail advertising.

This is warranted as:

- a. very few of the advertising agencies are at present qualified to handle direct mail advertising,
  - b. there is a lack of information in this area, and
  - c. few published studies deal exclusively with the effectiveness of this advertising medium.
3. It will determine the effectiveness of direct mail advertising.

This is warranted as:

- a. advertising has been accused of being one of the chief inflationary pressures,
- b. the direct mail advertising medium is the third largest medium and yet little is known about it, and
- c. direct mail's importance is increasing as one of the major advertising media.



## Specific Research Objectives

### An Outline of the Specific Research Objectives

The general research objectives are concerned with the entire field of direct mail advertising. It would be impossible to adequately cover all of these problem areas in one study. It is, therefore, the purpose of this study to get a comprehensive insight into the general research problems by studying specific problems and relating them to the broader general research objectives. In this way, an insight will be gained into the area of direct mail advertising.

In order to get an insight into the general research objectives, the following specific research objectives have been chosen:

A. To determine the characteristics of the medium of direct mail advertising.

1. the purposes for which direct mail is presently used and should be used,
2. the extent to which direct mail advertising is being used,
  - a. its total dollar value,
  - b. the percent of a firm's advertising budget which is spent on direct mail advertising.





3. the form that direct mail advertising is taking in order to catch the public eye,
4. the types of firms which use this medium, and
5. the source of the mailing list.

B. To examine the effectiveness of direct mail advertising.

1. the number of responses versus the cost,
  - a. the number of inquiries,
  - b. the number of leads for salesmen,
  - c. the number of actual sales.
2. the number of people who open and read direct mail,
3. the size of the audience,
4. the composition of the audience,
5. the characteristics of the medium which may influence its effectiveness, and,
6. the costs of direct mail advertising.

C. To determine the general reaction of the addressees to direct mail.

1. the percentage of addressees who like to receive it,
2. the quantity that each person receives, and
3. the public's recall of direct mail advertisements.

In short, the purpose of this study is to examine whether this medium carries the message to the customer in



a convincing manner and at a reasonable cost.

This study will be conducted under the general hypothesis that direct mail advertising is effective and warrants the increasing use of direct mail advertising.

#### Biases Entering the Study as a Result of the Problem Selection

Errors can be introduced into studies of situations as a result of selecting the problem to be examined. If the problem is incorrectly defined and studied as such, management's decision making ability is not facilitated. In fact, if the underlying problem for a particular situation is incorrectly defined and recommendations are based on the study of the problem as defined, the decisions which management must make may be poorer than before.

The proponents of direct mail indicate that it is one of the most effective of the advertising media and a very large contributor to the Canadian economy. Yet its function in our modern economy, its characteristics, its advantages, and its disadvantages are not understood by many of those it serves. The basic research objective is, therefore, to investigate the medium of direct mail and to enhance advertising management's success and direct mail's effectiveness by doing so. This objective may not be defined most completely by adhering to the specific research



objectives of determining the effectiveness of direct mail advertising, discovering why direct mail advertising is used, or by discovering the characteristics of direct mail advertising; but these objectives do set the task of exploring the direct mail medium. That is, the purpose of this paper is to study an area where little research has been done. In this way, advertising management success will be enhanced as the problem areas eventually become much better understood.

It may, therefore, be concluded that this study is subject to little error as a result of the specific problem selection. The difficulties which advertising management are now having may be the result of determining how to create the best appeal, but the purpose of this study is not to solve such particular problems, it is to research an area where little work has been done, the direct mail medium.



## CHAPTER II

### DIRECT MAIL AS AN ADVERTISING MEDIUM: DEFINITIONS OF TERMS USED IN THE STUDY

Marketing has been defined by the American Marketing Association as the performance of business activities that direct the flow of goods and services from producer to consumer or user.<sup>1</sup> This definition is no longer adequate. Top management is no longer primarily concerned with how to produce goods, but instead is concerned (or should be) with how to locate markets.<sup>2</sup>

Marketing does not begin only after the goods have been produced. It includes the examination of consumer needs and desires, the study of consumer motivation, the study of individual choices, the search for and pre-testing of ideas for new products or uses, product planning, product testing, and the study of consumer satisfactions. Much of this work must be done before the product is produced, not after, as the American Marketing Association

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<sup>1</sup>Committee on Definitions, Marketing Definitions (Chicago: American Marketing Association, 1960), p. 15

<sup>2</sup>James G. Drury "Is your Problem Overproduction-or Underproduction of Markets, "Printers' Ink, July 5, 1957, pp. 19-22, 58 and D. Maynard Phelps and J. Howard Westing, Marketing Management (Homewood, Illinois: Richard D. Irwin, Inc., 1960), p. 1.





definition assumes.<sup>1</sup> Marketing is, therefore, more concerned with discovering markets than producing goods and any definition of marketing should include this fact.

According to Phelps and Westing, the modern concept of marketing is one which starts with an interpretation of consumer's needs and desires, follows through with all business activities involved in the flow of goods and services from producers to consumers, and ends with those services necessary to aid the consumer in getting the expected utility from the products he has purchased.<sup>2</sup>

Marketing is, then, more than a business function. It affects all of a company's activities, its organization, its research and development, its advertising, and so forth. In short, it is a business process.<sup>3</sup> Marketing can be defined as "the business process by which products are matched with markets and through which transfers of ownership are affected"<sup>4</sup> or "the performance of business activities that direct the flow of goods and services from producer to consumer or user in order to best satisfy con-

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<sup>1</sup>Ibid.

<sup>2</sup>D. Maynard Phelps and J. Howard Westing, Marketing Management, p.2. James Drury defines marketing in much the same manner.

<sup>3</sup>John B. Matthews, Jr., Robert D. Buzzell, Theodore Levitt, and Ronald E. Frank, Marketing: An Introductory Analysis (Toronto: McGraw-Hill Book Company, 1964), p. 11

<sup>4</sup>Edward W. Cundiff and Richard Still, Basic Marketing: Concepts, Environments, and Decisions (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1964), p.2.



sumers and accomplish the firm's objectives."<sup>1</sup> McCarthy's definition is probably the more meaningful and is the one which was used for this thesis.

The term "direct" means exactly that. Marketing should start with the consumer and not the product. The type of product which the consumer needs or desires should be produced and "directed" at that market. Therefore, marketing should determine what products are to be produced, what prices are to be charged, where the goods are to be available, as well as promoting the goods.<sup>2</sup>

There are, then, four variables involved in marketing a product. These variables are the product, the place, the price, and the promotion. The focus of attention is the consumer. All variables must be adjusted to suit his needs and desires.<sup>3</sup>

The right product may be offered at the right place and the right price, but this does not ensure that the consumers will buy the product. As Mr. Chester M. Woolworth has discovered that adage, "If you make a better mousetrap, the world will beat a path to your door"

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<sup>1</sup>E. Jerome McCarthy, Basic Marketing: A Managerial Approach (Homewood, Illinois: Richard D. Irwin, Inc., 1960), p. 33.

<sup>2</sup>Matthews et al, Marketing: An Introductory Analysis, p. 12 and McCarthy, Basic Marketing: A Managerial Approach, p. 34.

<sup>3</sup>McCarthy, Basic Marketing: A Managerial Approach p. 45. Also see infra pp.155-157 for a discussion of these variables.



is false.<sup>1</sup> The product must be promoted and it must be promoted properly.

Good promotion should be concerned with the communication of product, price, and place information to the consumer. It actually adds value to products, i.e. creates a "new product", and is therefore a very important product ingredient. There are two methods of promoting a product to the target market. Promotion may be accomplished through advertising or/and personal selling.<sup>2</sup>

Personal selling is two way communication. The salesman contacts a potential buyer and informs him directly of the product's advantages. The salesman can discover, during the course of his communication, the manner in which the message is being accepted, and can adjust his sales pitch to that particular customer. Personal selling is probably the better promotional method, but it is also extremely expensive and would not pay in the majority of promotional attempts.

Advertising, on the other hand, is one way communication. The product message is delivered by the

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<sup>1</sup>Mr. Woolworth is president of the Animal Trap Company of America of Lititz, Pennsylvania and his experiences are analysed in "So We Made A Better Mousetrap" The Presidents' Forum, Fall, 1962, pp. 25-27 and Matthews et al, Marketing: An Introductory Analysis, p. 3.

<sup>2</sup>McCarthy, Basic Marketing: A Managerial Approach, pp. 45-48.





advertiser to the market. The message can not be adapted to the individual person, but is directed at the market in general. Feedback is rarely immediate and the advertiser usually does not know how his message is received.

Advertising has two primary functions. It must (1) keep in touch with old customers and (2) attract new customers.<sup>1</sup> If advertising does not do this, it has failed. That is, it is ineffective and costly. In order to keep in touch with old customers and attract new customers, advertising must deliver the appropriate message to the desired people.

The advertising medium is the means of delivering the sales message to the potential market. There are several different advertising media. Those known as mass media are radio, television, and the newspapers: those known as selective media are magazines, trade magazines, direct mail, direct advertising, and mail order advertising. There are also several auxiliary media such as the outdoor medium, sky writing, and transit cards.

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<sup>1</sup>Charles M. Edwards, Jr. and Russel A. Brown, Retail Advertising and Sales Promotion (Englewood Cliffs, New Jersey: Prentice-Hall Inc., Third Edition, 1964), p. 318





There are four factors which influence the advertisers choice of a particular medium or set of media.<sup>1</sup> The first determining factor is the nature of the market. Who is the advertiser trying to reach? The advertiser must determine the most impressive and economical way of reaching the target market.

The nature of the message to be delivered is also an important consideration in choosing a particular medium. The advertiser must take into consideration the urgency of the message, the length of the message, the nature of the appeal, whether the message is to reach many people or few, the target market of the message (is it aimed at the consuming public, technicians, or professional people?), and the requirement for graphical illustration. Each of these will be suitable to a different type of medium. It is the advertiser's job to determine the medium which best suits all of the criteria.

A third factor in choosing a particular medium is the prestige of that medium. The target market may be most impressed by certain types of media. This impressibility differs from target market to target market. Some media are credited by the reader as being more believable than are other media.

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<sup>1</sup>Hugh E. Angew, "How to Select and Evaluate Advertising Media", Advertising Handbook, edited by Roger Barton (Englewood Cliffs, New Jersey: Prentice-Hall Inc., 1950).



The final and often the most important factor determining the choice of a medium is the cost of reaching the prospects through that medium. Here the cost per customer reached is very important. It is to the advertisers' benefit to eliminate all excess and wasteful advertisements.

Because of the lack of information dealing with the medium of direct mail, advertisers are not positive that direct mail is the most impressive and economical way of reaching the target market. Although they may have considerable information concerning the nature of their market, they often use a message which is not appropriate to presentation in a mailing piece. There has also been much discussion concerning the prestige of this medium and information concerning the cost per customer reached is sadly lacking.

An American study which was recently carried out by the direct mail committee of the association of Industrial Advertisers showed that only 25% of the 615 industrial firms interviewed knew the cost of direct mail per response.<sup>1</sup> The lack of knowledge in this area is further emphasized by the interviews conducted with Edmonton Advertising Agencies. Only one of the agencies interviewed kept track of the responses and related this information to the cost. This was done for only a few of their accounts.

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<sup>1</sup>"Only 161 knew cost per head in direct mail survey", Marketing (January 17, 1969).



## The Direct Media

There are four means of direct advertising used for the purpose of reaching the market. They are (1) telephoning, (2) direct advertising, (3) mail order advertising, and (4) direct mailing.<sup>1</sup> These four forms must be distinguished in order to clarify the present study.

The telephone medium presents little difficulty. The advertiser telephones the target person and delivers the advertising message.<sup>2</sup> Local dance studios use this medium extensively.

The term mail order advertising refers to soliciting orders by advertising in the mass or selective media, but sending the merchandise directly to the buyers through the mail, as distinguished from direct mail advertising which refers only to the method of distributing the advertisement. Mail order advertising may be in the form of direct mail advertising when it invites the recipient to subscribe to something.<sup>3</sup>

Direct advertising occurs when the message is not sent through the mail, but is handed out personally.<sup>4</sup>

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<sup>1</sup>Otto Kleppner, Advertising Procedure, (5th edition, Englewood Cliffs, New Jersey: Prentice-Hall Inc.,) and Charles M. Edwards, Jr. and Russel A. Brown, Retail Advertising and Sales Promotion.

<sup>2</sup>Charles M. Edwards, Jr. and Russel A. Brown, Retail Advertising and Sales Promotion.

<sup>3</sup>Otto Kleppner, Advertising Procedures, p.

<sup>4</sup>Ibid.





Direct advertising may have the same appearance as direct mail advertising, but the channels of distribution are different. Flyers, handbills, and mail drops are forms of direct advertising.

In direct mail advertising, the postal system is used for the delivery of messages to prospects and customers.<sup>1</sup> If a leaflet is used as a counter pickup, it is a form of direct advertising; if it is sent through the mail, it is direct mail advertising.

Henry Hoke, Sr., defines direct mail as a vehicle for transmitting the advertiser's message in permanent, written, printed or processed form, by controlled distribution through the mails, direct to selected individuals.<sup>2</sup> John Yeck and John Maguire define direct mail as attempts through the mail to influence people favorably toward a product or service.<sup>3</sup>

For the purpose of this thesis, direct mail advertising will be defined as an advertising medium in which the postal system is used for delivery of the advertiser's message in permanently written, printed or processed form, direct to selected individuals, households,

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<sup>1</sup>Ibid.

<sup>2</sup>Henry Hoke, Sr., "What You Should Know About Direct Mail" (Dobbs Ferry, New York: Oceana Publications, Inc., 1966), p.3.

<sup>3</sup>John D. Yeck and John T. Macguire, Planning and Creating Better Direct Mail (Toronto: McGraw-Hill Book Co., Inc., 1961), p. 5.





box numbers, businesses, or street addresses in an attempt to influence people favorable toward a product or service. The vehicle can not be a "drop" which the mailman, or any other individual, makes at each house on his route, as long as his supply holds out. Items delivered in this way will be termed direct advertising and are recognizable by the fact that they or their containing envelopes do not have stamps, meter impressions or precancelled stamps attached. Direct mail advertising does include such communications as surveys conducted by mail, birthday announcements, wedding invitations, and letters to Santa Claus.

#### The Direct Mail Medium

The direct mail medium is as old as the postal service. Since its first use it has developed many forms. The form that direct mail takes depends on the purpose of the advertisement. This, of course, also dictates the nature of the advertising message. The form also depends on the cost per unit.

There are seven forms of direct mail advertising. Each of the forms has a slightly different purpose.<sup>1</sup> The forms are presented in order of increasing cost with the first being the least expensive and the last being the most expensive.

The first form is the postcard. It is used for a specific offering that in itself is attractive. Its use

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<sup>1</sup>Ibid.



is not advised where an impression of quality or prestige is sought.

The letter is used to address the receiver directly in a form he will regard as a personal message,<sup>1</sup> even though it may obviously have been sent to a large list of people.

Leaflets are a single, small-sized sheet printed on both sides and folded once. They are used as a supplement to a letter and carry amplifying details and specifications about the product itself.

The folder is larger, folded more than once, and is designed to mail in an envelope or as a self-mailer (mailed without an envelope). It permits quick reading, but does not impart a feeling of quality.

Broadsides are enlarged folders which give a smashing impression of an important message. They are commonly used to herald forthcoming campaigns. They usually have pictures, a lot of color, and big type.

Booklets are used when there is a need to elaborate a point. Booklets are mailed only to people who have expressed an interest in the product.

The final and most expensive form that direct mail takes is the catalog. This describes the merchandise so completely that a person can order from it, without seeing the actual product. It is used as a buying guide,

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<sup>1</sup>The letter need not be addressed to him personally, but can be addressed to the householder.



and is mailed only to people who are considered good potential customers.

As can be seen, the forms increase in impressiveness with additional cost, but they do not necessarily increase in believability or effectiveness. Further studies are required in order to relate the cost, impressiveness, and effectiveness of the forms of direct mail advertising.

### Steps in Preparing Direct Mail

There are three steps in using the direct mail medium. Of course, the proper planning and proper implementation of the plans determines the effectiveness of the direct mail advertisements. This is true of all the advertising media.

The first step is to determine who will be the prospect, and what advertising message will reach him. This step, of course, will determine whether direct mail advertising should be used. If it is decided that the direct mail medium will reach the final consumer most effectively, this step will then determine what form of direct mail should be used.

The second step is to determine the mailing list. This is the heart of a direct mail advertising campaign. There are many things which must be taken into consideration during this step.

The product must be matched to the consumer. Possibly the product will appeal to people with particular





interests. It is then necessary to determine what these interests are and to locate people with these interests. Is the income, age, or occupation of the potential consumer a factor in determining his desire for the product? Once it has been discovered what factors are important in determining a person's desire for a product, people with these desires must be located. Their exact addresses and often their names must be known.

Compiling a mailing list is often an expensive occupation. Once the mailing list has been compiled it must be kept up to date. New people must be added to the list and people who are no longer alive or have moved must be deleted.

The selection, maintenance, and nurturing of the list is often the key to success or failure in direct mail campaigns. However, this important part of direct mail advertising is the "Plain Jane" of the advertising campaign. It is just hard work which is never completed and can never be ignored.

The final step is to mail the direct mail piece and follow up the returns or lack of returns. Direct mail is only as effective as the follow up.

### The Basic Elements of Direct Mail

There are four basic elements common to all direct mail campaigns. One of these, the list, has already





been mentioned. It will be sufficient to say here that the mailing list is never perfect and rarely up to date.

All direct mail pieces must contain an offer. That is, the direct mail piece must communicate the purpose of the mailing. The offer must be presented and geared to the particular target market which the advertiser is trying to reach. The mailing list should, of course, only contain the names of the people who are part of the target market.

The third element of a direct mail piece is its package. The word package is a common term in the direct mail trade which indicates how the material is to be presented. A direct mailing piece may take any of the seven forms listed previously. However, there is considerable latitude even within these forms. The package for a direct mail piece refers to (1) the form of the mailing (2) the size of each piece, (3) the coloring used, (4) the words composing the message, (5) the envelope, (6) the postage, (7) the order forms, (8) the "hot potato", and (9) the "Kicker".<sup>1</sup>

The "hot potato" refers to the savings token, discount offer, or any other physical object with some value which may be included in the mailing. The "Kicker" is a demand for immediate action. An example of a "kicker"

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<sup>1</sup>Richard S. Hodgson, Direct Mail and Mail Order Handbook (Chicago: The Dartnell Corporation, 1964), pp. 35-42. Walter Weintz, "Sifting for Lions - A Primer on Reaching Hot Prospects", Marketing (December, 1968).



is the statement: "Free until the end of the month."

The final element of a direct mail piece is the fulfillment. This is the mailing and the follow up on the mailing. All the elements are of equal importance and no single one can be ignored without wasting the effort put into any of the other elements. Direct mail must be a well balanced and planned campaign directed at a particular market segment.

### Mail Order Arithmetic

In determining the cost and the effectiveness of direct mail advertising, everything is compiled in terms of cost per order or cost per enquiry. For example, if it costs \$1000 to send a direct mailing and there are only 200 orders, the cost per order is \$5.00. This shows that the cost of an ineffective mailing can be very high.

Suppose it costs \$1000 to mail 2000 direct mail pieces and only 20 percent of the people receiving direct mail reply. This means that the cost of the mailing per reply is \$2.50. Furthermore, suppose that only 50 of the people who replied buy the product. This means that the cost per sale is \$20.

In the above manner, the effectiveness of direct mail advertisements are determined. This example shows the importance of each advertiser asking himself how much he can afford per order or enquiry rather than per direct mail piece sent out.



## CHAPTER III

### PROCEDURE FOR CONDUCTING THE STUDY

Possible sources of information on direct mail, advertising are the different periodicals, journals, magazines, newspapers, books and other published studies dealing with advertising. Direct mail even has its own magazine, The Reporter of Direct Marketing. Although many of the articles are not sufficiently academic, these magazines do supply the names of the people who are outspokenly in favor of, or against, direct mail. However, few published studies deal with direct mail advertising's many sides. It was, therefore, necessary to discover other sources of information, which dealt with the characteristics, effectiveness, and general reaction of the addresses to direct mail.<sup>1</sup>

There are several primary sources from which information concerning direct mail advertising could be gathered. The first possible source is the direct mail

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<sup>1</sup>See the specific research objectives Supra  
p.14 .





advertiser. This is the person or organization who is trying to communicate information through the mail.

The advertiser is in a position to know many of the characteristics of direct mail advertising and may have done or could do studies dealing with the effectiveness of, and addressee reaction to, this medium. However, many advertisers, both local and national, do not have the manpower, experience, time, or money to do extensive research into this medium. For them the cost outweighs the expected benefits.

There are a great number of firms and businesses in Canada, most of which advertise in some manner or other. It would be exceedingly difficult to discover which businesses, organizations, or individuals use direct mail in their promotional mix. This difficulty would be compounded when it came to locating, identifying, and sampling direct mail advertisers. Finally many advertisers put everything in the hands of an advertising agency and know little about the advertising vehicles. However, there are a few large national advertisers who not only handle their own direct mail advertising, but have done considerable research in this medium. The large oil companies, book clubs, and government organizations are examples of those who have shown considerable interest.

A second possible data source is the advertising agency. Agencies are often responsible for designing,





mailing, and researching direct mail. The way in which they use direct mail may be different from the way in which the advertiser uses direct mail.

Many advertising agencies have investigated the general reaction of the addressees to direct mail. They use this information either to recommend or to discourage the use of direct mail. However, as Baker has stated, very few advertising agencies have the experience, know-how, or personnel to handle this medium.<sup>1</sup> In fact, only a few of the large national advertising agencies know anything about direct mail. Finally, many advertising agencies do not see the responses to their mailings and furthermore they do not follow up the results of their mailings. That is, few advertising agencies actually know how effective their direct mail advertising really is. Their only clue to this is often the smile or lack of such on the face of the advertiser, their client. Few of the large national advertisers have studied the direct mail medium, however.

A third potential information source is the Post Office system. The Post Office knows the annual volume of direct mail advertising. They also know many of the direct mail medium as these characteristics

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<sup>1</sup>See Supra p.9 .



are often the result of Post Office regulations. However, they have little information dealing with the effectiveness or the reaction of the addressees.

Another potential data source is the receiver of direct mail. In this case, one must contact many receivers without any hope of a substantial rate of response. Mail questionnaires have not been very effective due to a lack of funds on the part of most survey designers plus the fact that the surveyor is trying to obtain a great deal of information very cheaply in an area where the addressee has little if any interest. A further problem is created when the receivers of direct mail are interviewed or contacted by mail. Many people are not willing to admit that they are in any way, shape, or form influenced by advertising of any sort. They furthermore cannot, or will not, or unknowingly are not able to avoid generalizing their attitude toward direct mail. Because yesterday's post box was jammed full of direct mail, all direct mail is bad and annoying.<sup>1</sup> For the above mentioned reasons it would probably be exceedingly difficult to get any worthwhile information concerning the characteristics and the effectiveness of direct mail from its receivers. Studies have, however,

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<sup>1</sup>In an American study done by R.L. Polk and Company in 1955, it was discovered that the average number of all types of mail received per day is 3.2 pieces. Less than one of these pieces was direct mail advertising. According to the Post Office Department, Canadians are just reaching this stage.



been done by both academics and practitioners into the addressees' initial and following reactions to direct mail.

Advertising associations are a fifth possible source for material. There are many advertising associations in both Canada and the United States which gather material concerning the different media and their effectiveness. Their main concern is the improvement of the media and they are, therefore, anxious to aid in research. Although there are many of these associations, they are easily contacted and will almost inevitably reply. Furthermore, they are not as prejudiced in favor of, or against, a particular media, as are the advertisers and the advertising agencies. Most of them will present the truth about a media, as this is the only way to improve advertising. In many cases, they have already researched the areas in question and are willing to supply this information, plus data concerning the method of conducting the study, the population of interest, and the size of the sample.

In order to collect data in an area where little work has been done, there must be ample research into primary sources. But due to the difficulties of time, money, and sampling the right people - those with the desired information - the sources from which information could be obtained were limited, as was the method of contacting the sample. Most of the research concerning direct





mail advertising, and most direct mail advertising itself, is done in Ottawa, Toronto, and Montreal, or in the principal areas of the United States. This eliminated the possibility of personal interviews for purposes of data collection.

The only economical method of contact for this project was mail. The results of a mail survey of direct mail advertising are questionable. Those people who indeed do not look at any direct mail obviously would not look at the mail questionnaire. Moreover, these same people would not reply to any other mail survey and, therefore, represent an inherent bias of all mail surveys.

It was imperative, therefore, that the information sources be such that (1) they could easily and economically be contacted by mail, (2) they would respond and respond fairly rapidly, and (3) that they be in a position to know and be able to report accurately on the characteristics, effectiveness, and responses to direct mail advertising.

Once the principal method of contacting the primary sources and the limiting factors involved in the study had been determined, it was a simple matter to decide which information sources were to be used. Advertising agencies were the prime source of information as there are relatively few advertising agencies engaged in direct mail advertising, although there are many advertisers and receivers of direct mail. In Edmonton there are branches of several of the national advertising agencies, and many





local advertising agencies which could be contacted easily and inexpensively. Large national advertisers without branch offices in Edmonton and engaged in direct mail could be contacted by letter. Agencies would almost certainly be able to indicate the effectiveness and the characteristics of direct mail.

The Post Office Department can be interviewed locally, at no cost, to determine the postal regulations, while the Post Office Department in Ottawa can be contacted by mail, with every hope of an early reply, in order to determine the volume of direct mail advertising.

Because of their relatively small number advertising associations can all be contacted by mail. These associations are keenly interested in public relations and would almost certainly reply to any reasonable survey.

It would be very expensive and time consuming, however, to contact the receivers of direct mail as there are so many of them. Furthermore, the results of such a limited study would unquestionably be subject to much scepticism. Fortunately, there have been several studies conducted in this area by advertisers, agencies, and associations. This information can be obtained from these sources as well as from published studies in books, magazines and periodicals.



## Definition of the Universe

There are three distinct populations of interest for the purposes of this study. Each universe was studied independently of the others. When information is gathered from three separate populations of interest as well as from secondary sources, the results can easily be substantiated and errors or biases can be detected.

### Population of Interest: Advertising Agencies

The population of interest consists of all the advertising agencies in the City of Edmonton and all the national advertising agencies in Canada which are members of the Canadian Direct Mail Association and which use the medium of direct mail in servicing their clients' accounts. The local list was derived from the Yellow Pages of the Edmonton Telephone Directory, which lists all of the advertising agencies. The local agencies were telephoned in order to determine whether or not they used direct mail. If the agency did not conduct campaigns through the mail, it was eliminated from the all-encompassing Yellow Page list. If the agency used direct mail, it became one of the units of the population of interest. In this way, a list was compiled which included only advertising agencies which use the medium of direct mail advertising in servicing their clients' accounts.<sup>1</sup>

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<sup>1</sup>The Yellow Page list is in the appendix (See infra p. 172 ). 175-176.



The authenticity of this list does not depend on the accuracy of the Yellow Page list. The entire Yellow Page listing of advertising agencies was shown to several of the agencies interviewed. They could add no other advertising agencies to the list. It must, therefore, be assumed that the list is complete, as in a city the size of Edmonton "one's competitors are known".

The method of reducing the Yellow Page list to an accurate population of interest is also authentic. In each case, the agency phoned (those listed in the Yellow Pages) was asked if they performed direct mail advertising for their clients. Those that replied negatively were cancelled from the list. If they replied positively, the topic of discussion was introduced and an appointment for an interview was made. Little or no bias entered the study while compiling the local advertising agency population of interest list.<sup>1</sup>

The national advertising agency population of interest list was compiled from the Yellow Page lists of the Toronto and Montreal telephone books as well as the membership list of the Canadian Direct Mail Association. In order for the agency to be considered as a national advertising agency involved substantially in the direct mail field, the agency had to be listed as a member of the Canadian Direct Mail Association. Only those agencies which use the direct mail medium extensively are registered

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<sup>1</sup>The local advertising agency population of interest list appears in the appendix (see infra p.173 ).





with the Canadian Direct Mail Association. Almost all national advertising agencies, of any importance register as members of the different associations involving the medium of interest to them. It is possible though unlikely for a national advertising agency which does considerable work in the direct mail field not to be a registered member of the Canadian Direct Mail Association. However, when the prepared national population of interest list<sup>1</sup> was shown to several of the Edmonton national advertising agencies, they could add no other agencies of any importance. The Toronto and Montreal telephone books were then used to check the addresses of the agencies.

The national advertising agency population of interest list was sampled sparingly as the limitations of time and finances were pressing, especially in light of the fact that the Edmonton advertising agency list was completely interviewed and little additional information could be expected.

#### Population of Interest List: Advertisers

The population of interest consists of all the large Canadian advertisers who use the direct mail medium extensively and do not depend upon the work of an advertising agency for preparation, mailing, or research. Fortunately, most of these organizations are members of the Canadian Direct Mail Association. This list was enlarged

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<sup>1</sup>The national advertising agency population of interest list appears in the Appendix (see infra 173 ).  
176-177.





through discussion with a local Post Office Department official who named many of the larger advertisers who used the direct mail medium regularly. The list was further added to by readings in the various advertising magazines. Many companies are particularly outspoken in favor, of, or against, direct mail.<sup>1</sup>

This list was in no way meant to be complete. It was merely used to contact several of the better known direct mail advertisers to check on the data supplied by the advertising agencies.

Bias has entered the study in the compiling of this list in terms of completeness. However, the list does include the better known and larger direct mail advertisers. Their answers should be representative of all advertisers who take the time to prepare and understand the use of direct mail. If it is not representative of the advertisers themselves, it is representative of the type of direct mail advertising being done, as these organizations do the majority of direct mailing in Canada.

This list also has the added advantage of being composed of companies who are conscious of their public relations and will reply to any legitimate inquiry into their activities. Some of their statements, however, are open to question.

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<sup>1</sup>The Advertisers population of interest list appears in the appendix (see infra p. 175 ). 178-179.



### Population of Interest: Advertising Associations

The population of interest includes all those advertising associations in Canada and the United States who research the direct mail advertising medium.<sup>1</sup>

### The Sample Design and the Sampling Units

### Population of Interest: Advertising Agencies

The local advertising agency population of interest was entirely sampled except for Hatch Wm. Advertising which did not consent to an interview because "it would be a waste of his time as well as my own". The failure to obtain an interview with one of the units of such a small population of interest can cause considerable error to enter the study. This would be a serious bias if each of the units of the population of interest exerted an equal influence in the market or in the area of direct mail advertising. However, although Hatch Wm. Advertising was the only firm correctly listed as a direct mail specialist in the Yellow Pages,<sup>2</sup> it was discovered in interviews with the other advertising agencies that this is a one man operation of recent origin which is

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<sup>1</sup>The Advertising Association population interest list appears in the appendix (see infra p.178 ). This list was compiled from a list of Canadian Advertising Associations which appeared in "Advertising: A Feature Report", The Financial Post, p. A-43 and a list which appears in R.S. Hodgson, Direct Mail and Mail Order Handbook, p. 925.

<sup>2</sup>Two of the firms listed in the Yellow Pages as advertising agencies did not advertise for clients. See infra p.76 , for a classification of Edmonton agencies.



considered as insignificant by the agencies who had heard of it. This would seem to indicate that very little error or bias has entered the study as a result of the failure to interview and obtain data from Hatch Wm. Advertising.

The national direct mail advertising agency population of interest list was not entirely sampled. A small random sample of 21 firms was taken from the national direct mail advertising agency population of interest list. These agencies were contacted by mail. Eighty one percent of these firms replied. Because of the good return and the importance of these agencies in the Canadian direct mail industry, it is believed bias was kept to a minimum. Those firms listed in the national agency population of interest list do the majority of direct mail advertising in Canada, and a good portion of the local advertising in the various centres through their branch offices.

The national advertising agency population of interest list was randomly sampled using Pearson's random number tables.<sup>1</sup> The first 2 columns of the table were used. If any agency had been contacted previously (several were contacted because of articles which they had written in papers), they were not contacted again, and the next random number was used to select another firm. Zero and numbers over 50 were ignored and the next random number in the list was used to choose another agency. The agencies in the

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<sup>1</sup>E.S. Pearson, Tracts for Computers XXIV (Cambridge University Press, 1939), p. 17.





population of interest list were numbered in the order that they appeared on the list and the random numbers chosen were matched with this to choose the sample.

In determining who the sample unit should be, i.e. the person who should be interviewed in each agency, it was decided that the person who specialized in the area of direct mail should be the target. He would be the one most acquainted with the problems, uses, and effectiveness of direct mail advertising. The agency itself referred the interviewer to the person within the agency who, in their opinion, was best informed on this subject.

This method was departed from when writing to the national advertising agencies. The name of the executive in charge of direct mail was searched for, but if this could not be found the letter was addressed to the chief account executive. If his name also could not be found, the letter was addressed to "The Direct Mail Account Executive" on the assumption that the secretary would know who to give the letter to. In all cases where a reply was made, the letter had been turned over to the appropriate individual even when it was addressed to the chief account executive by name.<sup>1</sup>

#### Population of Interest: Advertisers

In order to ensure speedy replies or, in fact, any replies at all, this list was not entirely randomly

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<sup>1</sup>The list of the sample units appears in the Appendix (see infra p.178 ), 176-177.





sampled. A particular organization was chosen if it was outspokenly in favor of, or against, direct mail. This fact was discerned by examining articles in various of the advertising magazines and periodicals. Advertisers who were members of the Canadian Direct Mail Association were randomly chosen, however. No duplication in the companies sampled was allowed. In addition, all of the major oil companies, soap companies, and banking institutions were sampled.

The method of choosing this sample is biased. However, the companies chosen do the majority of direct mail advertising in Canada and the answers are, therefore, representative of the volume of direct mail advertising done if not the companies doing it. It was felt furthermore, that the response to this method would be the same as the response to a randomly chosen sample of all of the companies in Canada. Only those keenly interested in and actively engaged in direct mail would have answered in any case. Therefore, the cost of the survey and the time involved was reduced by preselecting a list of regular direct mail advertisers.

The sampling unit consisted of the directors of advertising within the companies. These names were discovered in the various companies' financial statements and in the Financial Post's Who's Who. The sample units



often forwarded the questionnaire to people within their own organization who were better acquainted with direct mail.

### Population of Interest: Advertising Associations

All those advertising associations which were part of the population of interest were sampled. There could, therefore, be no sample bias..

The sampling unit, or the person to whom the letter was addressed, was the person whom the Financial Post had listed as the association contact.<sup>1</sup> In the case of the American Associations, the letter was sent to the "President", unless the name of an association executive or member was available.

### Others

In addition to these sources of information, the results of various other studies conducted by advertisers, agencies, associations, and academics were used. Articles in the advertising magazines were also used as was information from the Post Office Department and various other government departments, both Federal and Provincial.

### BIASES

In establishing the procedure for conducting a study and in following this procedure, biases may be introduced into the study. For example, if the universe

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<sup>1</sup>See Infra p. .



is correctly defined, if the population of interest is not fully discovered, if the sampling method and procedure are not of a proportionate design, or if the sample unit is incorrectly chosen; the study may be prejudiced and rendered useless. It is very important to correctly determine every step in devising a procedure for conducting a study.

Because of the research procedure and the limitations of time and money, several biases have entered this study.

1. Many of the advertising agencies, advertisers, and the advertising associations had not sufficiently studied the characteristics, effectiveness, or addressee reaction, to accurately report on direct mail. However, these sources were the most aware of direct mail advertising and, therefore, this problem could not be avoided. It was minimized by contacting several different information sources and comparing the answers.
2. Information from American sources were used, especially from the advertising association. This information may not be totally relevant for Canada. However, where this information is used, the source is indicated. Information from the United States was used only when there were no comparable Canadian studies in that particular area.



3. When using the results of some studies, the sample design, population of interest, and survey response were not given. Such results introduce the possibility of error. An attempt was made to use studies which supplied this information.
4. Surveying the medium of direct mail by way of a mail survey is a questionable procedure. Those people who never look at direct mail will ignore the survey. This is, of course, an inherent danger in any mail survey. An attempt was made to improve on this method by personally interviewing all of the Edmonton advertising agencies involved in direct mail advertising.
5. The agencies were the largest part of the overall sample. This would tend to bias the sample in favor of the agency viewpoint. However, the information gathered from the different sources is not averaged and therefore the differences are apparent and may be contrasted.
6. Members of the Canadian Direct Mail Association and agencies dealing in direct mail also make up the largest part of the overall sample. This would appear to bias the study in favor of the use of direct mail. However, this was not the case here as most of the members of the Canadian Direct Mail Association and all of the agencies







dealing in direct mail recognize the shortcomings of this medium. In fact, very few of the organizations interviewed depended on direct mail alone; it was only one of the many advertising media which they used.

It may be beneficial to contact organizations who do not use direct mail in order to discover why they do not do so. However, by contacting Edmonton advertising agencies which do not use direct mail, it was discovered that they do not have the manpower, experience, or money to investigate this medium. They all considered it an important medium.

7. The better known advertisers in the direct mail medium were contacted. This was in no way a random sample and, therefore, should not be considered as a representative sample of all firms advertising in the direct mail medium. However, it is representative of the bulk of direct mail advertising, as these advertisers do most of the direct mail advertising in Canada.
8. The fact that the sample was not chosen at random from the Canadian population of advertisers, agencies, and associations is an important bias. In any study where the sample is selected randomly the sample must be large to ensure a sufficient



number of replies. In this study, the population of interest was chosen not only because the members of the list knew direct mail, but because most of them would reply. In short, it could be stated that the same units of the Canadian population replied as would have done so if they were chosen at random. This, however, is not an excuse. All samples should be randomly chosen where time and money allow.

9. The unanswered questionnaires also bias the study, as the information is completely prejudiced in favor of those who did reply. However, the rate of return was exceedingly high. Some of the sources contacted had studied or contacted many of the non-repliers themselves. It may be concluded that little error is introduced to the study as a result of the procedure for conducting the study. Some of the errors which were introduced could be eliminated through a further, more comprehensive study.



## CHAPTER IV

### OBTAINING THE DATA

Information for this study was obtained in three different ways. Much of the data was collected through personal interviews, using a questionnaire, with advertising agencies, the post office, and government advertisers in the Edmonton area. These personal interviews were not only used to collect the essential data, but to refine the questionnaire. Once it became apparent which questions were particularly important to the study, and where additional information was needed, a short questionnaire was designed, using the experience gained in the personal interviews. These questions were mailed to advertisers, national advertising agencies, advertising associations, the post office, and all other out-of-town information sources. The second data collection method was, therefore, the mails.

The third data collection method was consulting secondary sources: advertising books, magazines, periodicals, newspapers, and published studies. Information gained from these sources, though slight, helped in designing the initial



personal interview questionnaire and in rounding out the data which was gained through personal interviews and the mail.

The personal interview and the mail method of data collection are explained in some detail in the rest of this chapter.

### Personal Interviews

#### Questionnaire: Construction and Wording

Much of the data required for the study was gathered through personal interviews with the managers or account executives of Edmonton advertising agencies which use direct mail as one of the advertising media in servicing their clients' accounts. In order to facilitate the interviews and gather the most information in the quickest fashion, a questionnaire was used.<sup>1</sup> The original questionnaire assured that the most important information would be gathered by serving as a topic list, or interview guide, but was not so standardized or so rigid that it could not be changed in order to probe the new ideas, which, in many cases were offered by the agency interviewed. The most important feature of the questionnaire was that it assured that all the areas of interest would be discussed in each interview. New ideas and areas of interest mentioned during previous interviews were added to the topic list for later interviews.

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<sup>1</sup>The entire questionnaire as used in conducting the surveys is in the Appendix (see infra p. 187-190 ).





The questions were open ended and direct. The questions were open ended in order to guarantee that new ideas and information would be volunteered in each interview. A list of responses was not suggested to the interviewee, since this method would not aid in the search for new ideas. The respondent's answers were probed. Areas mentioned by other sample units in other agencies were presented to the interviewee for his opinion. In this way, a fairly comprehensive check list of answers to each topic of discussion was compiled.

The questions were direct as the psychological defense mechanism of the objective businessman should not have to be by-passed in an area where he is so concerned and spends so much daily thought. Indirect methods, such as projective techniques, word association, sentence completion, and thematic apperception tests were not used since these methods require previous research in the area to assure thorough understanding of the problems. In this case, the benefits to be derived from indirect techniques were outweighed by the problems of indirect questions as well as by the advantages of the direct question method.

The questionnaire may be divided into two separate parts. Each division serves a different purpose in the overall scheme of things. The identification of the interview is the first concern of the questionnaire. Identification questions were not asked during the course of the interview,



but were determined in arranging for the interview. Their sole purpose is to distinguish one interview from another in the records. If it is discovered in re-examining the interview reports that a particular question has not been thoroughly covered in a certain interview, or that a new idea has subsequently emerged, the agency could be identified and a follow up interview could be made.<sup>1</sup> This information was also used for the purpose of scheduling interviews, keeping interviews conflict free, and locating the office of the agency. The information collected in the questionnaire identification concerns: (1) the name of the advertising agency, (2) the name of the person interviewed within the agency, (3) the position occupied by the person (4) the date of the interview, (5) the location of the interview, and (6) the length of the interview.

The second and the major part of the questionnaire is concerned with gathering the information required for the study. This part is composed of twenty-four questions. The wording of each question is not important as the exact wording was not followed from interview to interview. The questions served as a check list to assure that each topic was covered. In fact, even the order of the questions was not strictly adhered to. If an interviewee volunteered information pertaining to a question which had not yet been asked, the question was immediately followed up. The

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<sup>1</sup>There was no need for follow-up interviews in the present study.



reasoning behind this is that more information will be volunteered in the interviewee's particular area of interest. After the volunteered information connected with the new topic was probed, the questioning reverted to its original order.

The reader may wonder why questions which try to gather the same information are separated in the questionnaire. This allows the subject to settle in the interviewee's mind so that a different approach may be taken later in the questionnaire. It was discovered when the questions were asked one after the other, no new information was volunteered. The account executive would come up with what he believed was a very intelligent answer and would stick to this approach through the next two or three questions. There was no shaking him from this approach. When the questions were separated, new approaches seemed to present themselves to the interviewee and he would not strickly adhere to his previous approach. Examples of questions of this type are the questions dealing with the characteristics of direct mail advertising. Questions number two, five, six, seven, eight, nine, ten, eleven, twelve, twenty-two, and twenty-three determine the characteristics of direct mail advertising. These questions were also used as checks on the accuracy of the information being given.

It is important to explain the aim of each question, and this was adhered to in every interview. One of the objectives of the study was to determine the





characteristics of the direct mail medium.<sup>1</sup> In order to determine the characteristics of direct mail, information was needed concerning (1) the purposes for which the medium was used and should be used, (2) the form that direct mail is taking in order to catch the public eye, (3) the types of firms using the medium, (4) the source of the mailing list, and (5) the extent to which direct mail advertising is being used.

Questions which tried to determine the purpose for which direct mail advertising is used and should be used are:

5. When should the direct mail advertising medium be used in preference to the other advertising media?
6. When wouldn't the direct mail medium be used in preference to the other media?
7. What types of products are most suited to direct mail advertising?
8. What advantages does direct mail enjoy compared to the other media?
- 8a. What disadvantages does the direct mail medium have compared to the other media?
11. Advertising is designed to lead a consumer through the six stages listed. Which of these stages is the medium of direct mail most suited for?  
(show the list)

All of these questions try to determine the

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<sup>1</sup>See supra p.14 .





advantages and disadvantages of direct mail. They also try to determine when the medium will be effective and when it will be ineffective. For example, question number eleven involves showing a typed list of advertising stages and their purposes to the interviewee.<sup>1</sup> The interviewee is then asked to indicate the stage which he thinks direct mail advertising is most effective in. The type of product or message for which direct mail advertising is most effective is also determined.

Questions which try to determine the extent to which direct mail advertising is being used are:

2.           What percentage of your customers used direct mail advertising this year?
12.          What percentage of your client's advertising appropriation was spent on the medium of direct mail?
23.          What dollar volume of direct mail advertising does your firm (local branch) handle per year?

These questions try to determine the total dollar volume of advertising which is done each year and also the percentage of a firm's advertising budget which is spent on direct mail advertising.

Question number two contains a serious problem. When the sample unit is asked what percentage of the agency's customers use direct mail, his answer may be: "100 per-cent of my clients have used direct mail advertising at one

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<sup>1</sup>For an explanation of this list see infra p.101 .



time or another", or "20 percent of my clients use direct mail advertising in all of their campaigns," or "50 percent of my clients have used this medium sometime or other this year." Because this is a personal interview, these differences can be quickly discovered and probed. The question was purposely worded vaguely. During a pilot interview, an agency was asked how many of their clients used direct mail advertising at one time or another. It was very difficult to get the account executive to entertain the other two implications. The present revised wording allows the account executive to interpret the question in the manner which is most familiar to him. Through porbing it is then discovered what he means. The other two alternatives are then pursued.

Clients are divided into four classes (industrial clients, consumer service clients, consumer goods clients, and clients advertising tourism) for question number twelve. This makes it easier to determine the extent to which direct mail advertising is used.

The question which tries to determine what form that direct mail is taking is:

22. Direct mail advertising has changed extensively over the last several years. What form do you see it taking in the near future in order to catch the public eye more effectively?

This question did not have to be asked as the agency usually initiated discussion of this topic by



showing the interviewer examples of their work.

Question nine tried to determine the types of firms which use the medium of direct mail. It asked, "What types of firms use direct mail most extensively?" It should be noted that question twelve is a check on this question. However, this question also tries to determine the stage in a business's life cycle where it would most likely use direct mail. It also tries to determine whether local or national businesses are the heaviest users of direct mail.

Question ten determines the source of the mailing list by asking simply, "What is the source of your mailing list?" The source of the mailing list determines the type of client reached, the size of the market, and the composition of the audience. It is, therefore, a very important question.

The second major objective of the study was to determine the effectiveness of direct mail advertising. In order to determine the effectiveness of the medium, the number of responses to the mailings must be determined. It is also important to know what percentage of the people who receive direct mail open and read it, the size of the audience, the composition of the audience, the characteristics of the medium which may influence its effectiveness, and the cost of direct mail.

Questions which try to determine the responses to direct mail are:





17. What percentage of the total mailing can be expected to generate further inquiries?
18. What percentage of those people inquiring are used as sales leads by salesmen?
19. What percentage of these leads result in sales?
- 19a. What percentage of those people receiving direct mail buy the product as a result of the mailing?
20. What percentage of the coupons which are mailed are cashed in?
21. Do coupon sales increase sales or do they accelerate sales, i.e. borrow from future sales?
- 21a. Explain?

These questions try to determine the results of direct mail campaigns. Unfortunately, very few of the advertising agencies have this information.

Question fifteen tries to determine what percentage of the people receiving direct mail open, read it, are able to recognize it at a later date, and are able to recall the advertisement at a later date. This question tries to determine the manner in which the receivers of direct mail treat it. That is, do they throw it away unopened, or are they more responsive to it than they are to other forms of advertising.

The possible size of the audience and the composition of the audience are determined by question ten (What is the source of your mailing list?) and question





ten "A" ("What should be looked for, in surveys, in order to compile direct mail lists?") These questions determine the possible size of the audience and the type of audience to which the mailing will be sent.

Question fourteen ("What factors determine the effectiveness of this medium"?) tries to determine what qualitative factors and what characteristics of the medium will determine its effectiveness. This answer may be checked by referring to the questions concerning the purpose of direct mail advertising.

In order to determine the effectiveness of a medium, its costs must be known. If a very expensive medium generates the same response as a cheaper medium, the cheaper medium is, of course, the better medium and the more effective per dollar spent. Question thirteen inquires into the costs of direct mail advertising. This question required extensive probing from sources in addition to the advertising agencies. The printers and the post office readily supplied information concerning their costs, but the agencies did not seem to know the general costs of their creative efforts.

The final research objective of this study was to determine the general addressee reaction to direct mail. Very few agencies have this information, but studies have been done by the associations to determine the percentage of the addressees who like to receive it, the quantity which



each person receives, and the public recall of direct mail advertisements. However, question fifteen ("What percentage of the people who receive direct mail open it, read it, recognize it, and recall it?") and questions seventeen to twenty-one, which deal with the responses to direct mail, determine some of the addressees' reactions to receiving direct mail pieces.

There are also several other questions with sorted purposes. Question number twenty-four ("What medium do you use in advertising your agency?") tries to determine which medium the advertising agency feels is the most effective for their purpose. The reactions to this question were surprising. Several of the agencies insisted that they did not think advertising would help them and one agency, which criticized direct mail throughout the interview, used direct mail to advertise the agency. Needless, to say, these were mainly local, not national, advertising agencies.

Question sixteen tries to determine other sources of information in case the agency itself did not keep records, while question number four ("Will a switch from the commission to a fee basis increase the possibilities of direct mail advertising?" "Why?") tries to determine the future method of charging for direct mail projects, as it has been indicated that direct mail will be "junk mail" as long as the agencies are not sufficiently rewarded for their



efforts.<sup>1</sup>

Questions one and three are intended to discover whether the agency is in a position of sufficient knowledge to contribute to the study, and to lead into the interview by putting everyone at ease.

Question number one asks, "Does your agency use the medium of direct mail only for the purposes of supporting the other media or as a medium in its own right?" It should be noted that agency's usage of direct mail was discovered when the interview arrangements were made. Therefore, this question does not lead to two conflicting answers. Its purpose is to determine the importance of direct mail to the agency. For example, if the reply to this question was, "Direct mail advertising is never used except as part of an overall campaign in support of another media," three implications can be drawn. The agency simply may not recognize direct mail as an effective medium when used alone. Secondly, the agency may have had a negative experience with direct mail and should be able to expound on the disadvantages of direct mail advertising. Lastly, the agency must believe that direct mail still contributes something to the message presentation or it would have been disregarded altogether. Another possible answer to this question could be, "Direct mail is used as a medium in its own right when the circumstances demand". This implies the recognition

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<sup>1</sup>For a discussion of this see supra p.10 .





of direct mail as a medium which has sufficient message delivering power to stand on its own as well as to be used jointly with the other media. The agency with this view must have its reasons and these should be probed. This question is asked first because it is a simple question, but of sufficient importance to start the interviewee thinking and prepare him for later questions.

Question three asks, "What is this agency's role (function) in direct mail advertising?" This question tries to determine the agency's importance in an advertising campaign. If the agency prepares the advertisement, but does not prepare the over-all campaign, it is in a position of inferior knowledge. The agency that prepares the entire campaign must determine which of the media is the most appropriate for that particular advertising message and that particular market segment.

### The Interviews

The interviews were extremely informal, but followed the interview guide. Each question was explained when it appeared that its meaning was not understood. The answers in turn were completely explored unless it was felt that there was little more to gain from pursuing a particular path.

In order to save recording time and to give the interviewer more time to digest what was being said, a check list of possible answers was provided. New ideas, were added to the list as they were presented by the various agencies. When one of the anticipated answers was given,



it was checked, and accompanying remarks were recorded. After several interviews, it became possible to thoroughly record and cover all possible answers.

The interviews lasted from one half hour to a little over one hour. The length of the interview depended on the verbosity of the respondent. Several of the interviewees were very concise and these interviews went rapidly. One of the interviews was extremely long, but it also resulted in obtaining the most information. The interviewer made no attempt to hurry the interviews along, and only one agency executive attempted to cut the interview short. This attempt was thwarted when he became very interested in the subsequent question.

#### The Mail Questionnaire

##### Letter: Construction and Wording

Some of the data required for the study was collected through mail questionnaires sent to the various out-of-town sample units.<sup>1</sup> In order to facilitate the data collection a short mail questionnaire, in the form of a letter, was used. A lengthy group of questions in questionnaire form would have lowered the response. The fact that the overall return was 79 percent of the total mailings is attributed to the fact that there were very few

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<sup>1</sup>The sample units are listed, see infra, p. 175-181,



questions and that these appeared in letter form.

There were two different types of letters sent, depending upon whom the receiver was to be. The same letter form was sent to advertising associations and out-of-town advertising agencies.<sup>1</sup> Another letter form was sent to the advertisers.<sup>2</sup>

The two letter forms differed in respect to the questions asked and the explanation as to why the letter was sent. Advertising agencies and associations were told that information was desired from them because of their central position and their interest in direct mail; advertisers, because of the amount of direct mail advertising which they did each year. The addressees' company name was used in this part of the letter in order to make the letters more personal and to avoid the impression of a form letter.

The purpose of the letters was to determine the effectiveness of direct mail advertising and to determine the general reaction of the addressees to direct mail. Therefore, the questions differed only in their wording in the two letter forms.

Question number one of the advertisers' questionnaire asked, "How many direct mail pieces did Company X"<sup>3</sup>

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<sup>1</sup>The letter which was sent to the advertising associations and the national advertising agencies appears infra p. 191-193 .

<sup>2</sup>The advertisers' letter appears infra p. 193-195.

<sup>3</sup>The company name was inserted here.





mail in 1968? (If information is not available for 1968 use a year where it is)." This question helped to determine the volume of direct mail advertising which is done and was the basis for calculating the effectiveness of the mailing.

Question two of the advertiser's questionnaire asked, "What percentage of this total mailing resulted in further inquiries by the receiver, leads for salesmen, sales, and negative replies?" While question one of the association and agency questionnaire asked, "What percentage of a total direct mailing would be expected to result in further inquiries by the receiver, leads for salesmen, sales and negative replies? (Use a specific 1968 campaign if this information is not averaged for the year)." These questions were designed to determine the response to direct mail and the reaction of the consumer to the direct mail piece.

Question three of the advertiser's questionnaire and question two of the association questionnaire asked, "What percentage of the people who receive direct mail open it, read it, find it beneficial, find it annoying?" These questions were designed to determine the effectiveness of direct mail and the reaction of the addressee to direct mail.

Question number five of the advertiser's questionnaire asked, "What was the cost per direct mail piece sent out?" while question number three of the agency question-





naire asked, "What are the costs involved in direct mail advertising?" The answers to these questions were used to calculate the effectiveness of direct mail advertising or the cost per response.

Question number four of the advertisers' questionnaire asked, "What was the source of your mailing list?" This was used to determine the potential audience size and composition. It is essential to know this in order to determine the effectiveness of a medium.

The last question in both questionnaires is, "Would you please list any other sources of information which you feel would help in this study?" A large quantity of additional data and various new reference sources were discovered as a result of this question.

There were no lead questions as the letter itself was intended to arouse the reader's interest. Furthermore, these letters were sent to very busy men who would have doubtlessly disregarded a lengthy questionnaire.

The remainder of both letters was identical. The term "junk mail" was used in order to challenge the respondent's interest and thus increase the response rate. This "term" was effective in at least 30 percent of the responses as these people commented specifically on the use of the term.

The general research objectives were listed in order to arouse the reader's interest. Twenty percent of



the respondents made mention of these objectives. The academic nature of the study, as well as the use to be made of the information, was explained in each letter. This was intended to stress the importance and seriousness of the study.

Immediate action (the "kicker") was requested in each letter, and a further inducement was included in the letter, i.e. the results of the study were offered to the respondents. Several of the respondents requested that they be informed when the thesis was completed so that they could read it.

The response was sufficient and, therefore, follow-up letters were not sent except in two cases where it was felt that additional information could be obtained. Both of the follow-up letters were answered.

### Biases

When people are questioned, it must always be remembered that the interviewer does not observe the facts that are to be determined. Instead, the respondents are used as the instrument to report their own behavior, to relate what they have experienced, and to describe their own mental processes. The respondent's report of what he has seen, experienced, or heard is subject to error. Furthermore, he is not under oath to tell the truth. Nonetheless, the accuracy of the findings rests completely upon



the correctness of the answers. All surveys are subject to response errors of various types. It is the duty of the interviewer to minimize these errors in some way.

Respondents may misunderstand a question.

The personal interview segment of this study is not subject to this type of bias, since questions may be explained, answers probed, and misinterpreted questions readily detected.

The mail segment of a study can allow misunderstanding of questions, but this did not occur in our case. All the answers were specific and contained reference to particular examples which indeed proved that the question was most thoroughly understood.

It is also possible for the respondent to lack the correct information to answer a particular question. Many respondents dislike admitting ignorance.<sup>1</sup> If closed questions are presented to them, they may randomly choose an alternative, in order to disguise their ignorance, so in the mail segment, no alternatives were offered. In fact, the biggest problem of the survey was in getting the respondents to commit themselves in areas where they did not have adequate information to support their opinions.

Respondents may refuse to answer questions for many reasons.<sup>2</sup> The most prevalent danger in this survey is that the respondent may fear that the information will

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<sup>1</sup>Fred T. Schreier, Modern Marketing Research (Belmont, California; Wadsworth Publishing Co. Inc.), p. 108.

<sup>2</sup>Ibid, p. 110.





be used to his disadvantage. An example of this occurs in determining the effectiveness of direct mail. The advertising agency may feel that its record is poorer than that of other advertising agencies, and does not want this information to leak out for fear its reputation will be harmed. Most of the advertising executives said that they did not have this information. In those cases where this information was available, response sheets or examples were shown to the interviewer.

Untrue answers may also be given. One would suspect deception if the answers given by one sample unit differed consistently from the answers given by others. Such anomalous cases were probed further, either by personal interviews or by follow-up letters.

Respondents are subject to memory losses. When a particular respondent could not think of an answer, certain possibilities were suggested by the interviewer. Often this clarified the question and the respondent was able to add new information. This could not be done in the mail survey, but these respondents had more time at their disposal and access to their files.

It may be concluded that this survey is subject to no more than the normal level of response bias, if that.



## PART II

### RESULTS AND FINDINGS OF THE STUDY



## CHAPTER V

### CHARACTERISTICS OF THE DIRECT MAIL MEDIUM

In concentration there is strength while scattered volleys make little if any impression. It has been expressed by many authorities on advertising that it is better to advertise often and impressively in a few media rather than seldom and unconvincingly in many media.<sup>1</sup> If the advertising appropriation is split up among too many media, it will be impossible to do a creditable job in any. However, it is still important not to put all your eggs in one basket.

Advertisers must know the characteristics, advantages, disadvantages, purposes, effectiveness and addressee reaction to the various media in order to select the best media. It is the purpose of this chapter to examine how these matters are seen by the advertising

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<sup>1</sup>Charles M. Edwards Jr. & Russell A. Brown, Retail Advertising and Sales Promotion. The authors are referring to the fact that it is better to concentrate on a few media and do a good advertising job with these media than on many media and do a poor job of advertising through them all.



agencies, advertisers, and advertising associations.

Chapter VI is concerned with the effectiveness of the direct mail medium, while Chapter VII deals with the addressees' reaction to direct mail.

By examining the manner in which direct mail is viewed by the sample units, it is possible to clarify many areas of uncertainty. A thorough understanding of direct mail will aid in media selection.

#### Edmonton Agencies Using the Direct Mail Medium

In order to understand just how committed advertising agencies are to the direct mail medium, the percentage of Canadian advertising agencies which use direct mail in conducting campaigns for their clients should be known. This information would be extremely difficult and time consuming to gather as many of the smaller agencies are exceedingly difficult to contact and rarely reply to surveys.

The following data has been determined for the city of Edmonton. It is not to be suggested that this information is true for the rest of Canada, but this one example should illustrate the fact that advertising agencies are not as familiar with direct mail as they are with the mass media.<sup>1</sup>

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<sup>1</sup>Vic Baker, President of the Canadian Direct Mail Association, has stated that very few of the Canadian Advertising agencies have sufficient familiarity with direct mail to use it (see supra p.9 ).





TABLE 3

## CLASSIFICATION OF EDMONTON ADVERTISING AGENCIES

	<u>Number of Agencies</u>	<u>Percentage</u>
Mailing List Brokers	1	5.56
Direct Mail Designers	1	5.56
Direct Mail Advertisers	8	44.44
Non-Direct Mail Advertisers	4	22.22
Out of Business	2	11.11
Not Advertising Agencies	<u>2</u>	<u>11.11</u>
Total	18	100.00

Note: This information was compiled in deriving the population of interest list from the Yellow Page list (see infra p.172 ).

Yellow Page list source: "Yellow Pages",  
Edmonton Telephone Book, 1968 edition.

Forty-four percent of the advertising agencies listed in the Edmonton Yellow Pages use direct mail in conducting advertising campaigns for their clients. This gives the impression that a large number of advertising agencies (56 percent) are not using direct mail. If this were the case, it would appear that direct mail is actually not considered as an effective medium or is such a difficult medium to use that very few agencies can afford the personnel to handle it.

This is not the case. Of the eighteen agencies listed in the yellow pages, two are no longer in existence, two are not advertising agencies, one is a mail list broker, and one is a graphics and art studio engaged in designing direct mail pieces. The remaining twelve are actively engaged in advertising for clients.



In reality sixty-six point seven percent of the advertising agencies in Edmonton actually use direct mail in conducting advertising campaigns for their clients. The remaining thirty-three point three percent have never been asked to do direct mail work or do not have the personnel to handle it. All of these agencies look forward to eventually getting into the direct mail field.

While only 67 percent of the advertising agencies in Edmonton have used the direct mail medium to any extent, only Hatch Wm. Advertising was not thoroughly familiar with radio, television, or newspaper advertising. It would appear that a majority of the advertising agencies are familiar with the mass media while relatively few of the agencies have the personnel or knowledge to handle direct mail advertising.

These figures are realistic. Vic Baker has stated; "Only a small number have the know-how or personnel to handle it effectively." He has predicted they will become more involved in the next five years.<sup>1</sup>

The agencies which do use the direct mail medium do not all regard it in the same manner. Some agencies use direct mail only as a supportive medium for the mass media in an advertising campaign. This would mean its primary purpose was to contact segments of the population where the

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<sup>1</sup> "Advertising: A Feature Report", Financial Post (Nov. 9, 1968), p. A-57.



mass media failed to reach. Some depend upon direct mail completely and use it as an entirely self sufficient medium. In campaigns of this sort, it would be the sole message carrier, entirely independent of any other media. While others combine its uses and use it as either a supportive medium or entirely on its own, as the circumstances demand.

Agencies which view direct mail in either of the first two manners either are primarily engaged in conducting certain types of campaigns or view direct mail as an exceptionally strong or an exceptionally weak medium. Agencies regarding direct mail in the third manner would be able to supply information concerning the circumstances in which direct mail was most or least effective. They would also know the advantages and disadvantages of direct mail and finally they would be able to supply information concerning the purposes for which direct mail should be and is used.

The following information was gathered in response to the question: "Does your agency use the medium of direct mail only for the purposes of supporting the other media or as a medium in its own right?" This information was gathered in personal interviews with Edmonton Advertising Agencies.





TABLE 4

THE MANNER IN WHICH THE EDMONTON ADVERTISING  
AGENCIES USE DIRECT MAIL

	<u>Number of Agencies</u>	<u>Percentage</u>
Supporting medium only	3*	37.6
Entirely on its own	1	12.4
Both	<u>4</u>	<u>50.0</u>
	8	100.0

Note:\* This is a direct mail advertising agency which was not interviewed. The information was determined by interviewing his competitors.

The answers depend entirely on what the agency has done. All of the account executives knew of cases where any of the media would be sufficient on their own, or where a combination of media would be needed.

Thirty-eight percent of the agencies use direct mail only for the purpose of supporting the other advertising media. These agencies did not regard direct mail as a weak medium. They used it only as a supportive medium because circumstances in which direct mail alone would be most effective had not presented themselves. When they were asked if they could think of conditions where direct mail could be used on its own, their answers corresponded to those of the other agencies.

There is only one agency in Edmonton which specializes in direct mail. This agency is very small and probably does little more than design various direct mail pieces.

The majority of the advertising agencies in Edmonton use the direct mail medium in either way, depending on the circumstances. They strongly believe that



direct mail is useful and more successful than any other media for certain purposes. Although Table 4 represents only the opinion of Edmonton agencies, it is fairly indictative of the manner in which agencies use direct mail right across Canada.<sup>1</sup>

#### How Direct Mail Is Used

For what purposes can direct mail advertisements be used? When is the direct mail medium preferred to the other advertising media? When are the other advertising media preferred to direct mail advertising? For what purposes are direct mail advertisements most effective? These are difficulties which plague all users of direct mail advertising. If the answers to these questions were known, advertisers would be better able to select the media which would enhance their advertising success. This would mean that the particular goal of a campaign could be matched with the most appropriate medium or media. This medium or media would then be the best and most direct bridge between the advertiser and his audience. Economic wastage would thereby be eliminated and the work and success of advertising management would be facilitated.<sup>2</sup>

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<sup>1</sup>Harry Woodley, the secretary of the Canadian Direct Mail Association, in personal correspondence indicated that this information was representative of all the views held by agencies across Canada.

<sup>2</sup>This is one of the objectives of this study (see supra p.11 )



Advertisers, advertising agencies, and associations were asked these questions. Nineteen different uses for direct mail were noted by the various sample units and are depicted in Table 5 together with the percentage of the sample units listing that task as a use for direct mail advertising.<sup>1</sup>

Advertisers and advertising agencies do not always use direct mail for the same task. Agencies are commonly hired for particular tasks and the advertisers reserve other advertising tasks for their own advertising departments. Advertising associations are usually composed of members of both advertising agencies and large companies which advertise. The associations do more research than do the advertisers or agencies and their answers often point out what direct mail should be used for, and not necessarily what it is used for.

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<sup>1</sup>These questions were asked of the Edmonton advertising agencies and advertisers in particular, however, most of the associations, agencies, and advertisers which were contacted by mail answered these questions as well as supplying literature on the subject. In some cases, the various tasks for which direct mail is used were not specifically indicated, but their use of direct mail was discovered while analysing direct mail pieces put out by that particular sample unit.





TABLE 5  
USES OF DIRECT MAIL

Uses	Agencies		Advertisers		Associations	
	%	Rank	%	Rank	%	Rank
Target market	100	1	97	1	80	5
Detailed information	88	2	80	3	90	2
New products	88	3	77	4	60	6
Invitations	59	8	13	14	50	10
Inquiries, sales leads	76	4	43	9	100	1
Promotions	35	12	13	15	40	13
Price announcements	47	10	33	12	50	11
Obtain orders, sales	71	6	90	2	90	3
Retain old customers	59	9	63	6	60	7
Market surveys	41	11	7	18	60	8
Building traffic	18	15	63	7	60	9
Initiate buying habits	71	5	40	11	90	4
Follow up mass Adv.	18	16	67	5	40	14
Corporation Image	6	17	50	8	40	15
Persuade Wholesalers	71	7	33	13	50	12
Develop Sales	0	19	10	17	20	17
Employees	24	14	43	10	30	16
Mailing list	29	13	13	16	20	18
Test advertisements	6	18	3	19	20	19
Response	80.95%		93.75%		71.4%	

Source: Survey results

Note: The percentage figures are rounded off to the nearest percent.

This table is read: 100 percent of the responding agency sample units indicate that direct mail should be used to contact a specific target market or 43 percent of the responding advertiser sample units indicate that direct mail should be used to motivate employees.

The results are ranked in descending order (1-19) to indicate where that particular use of direct mail stands as far as that population of interest is concerned.

In order to clarify the tasks for which direct mail is used, each of the nineteen listed tasks will be





explained in some detail.<sup>1</sup>

To reach a specific target market - Direct mail is used to reach a definite, defined, and known market segment to communicate information concerning a particular product or service which the market segment is known to be interested in. That is, the product or service is aimed at a specific market segment and, therefore, the advertising must be designed to meet a strict requirement.

To give detailed information - Direct mail is used to create customer knowledge of a product. Addressees are informed of the products' or services' features and benefits through detailed information. Detailed information is sometimes needed to describe machinery and building specifications. Manuals of use are examples of direct mail pieces used to deliver detailed information.

To announce new products - Direct Mail is used to create customer awareness of a product. The product advertised need not be new to the advertiser or to the majority of customers, but it is definitely new to the market segment reached.

To invite prospects to openings, shows, and contests. - Direct mail is probably the most prestigious

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<sup>1</sup>Richard S. Hodgson lists 49 uses of direct mail. However, many of these uses are subcategories of the uses which were indicated by the advertisers, agencies, and associations. Richard S. Hodgson, Direct Mail and Mail Order Handbook, p. 53.



medium for this purpose. Prospects are pleased because they have received an invitation when their neighbours or competitors (the same thing in many cases) have not.

To solicit inquiries and obtain sales leads. -

Direct mail is often designed in such a way that the prospect can easily respond to the advertisement, if he is interested in it. These responses or inquiries are often used as sales leads or as opportunities to send more detailed and expensive information to the prospect.

To promote incentive programs and contests. -

Direct mail is used to advertise various contests and incentive programs. The oil companies are probably the biggest users of direct mail for this purpose.

To announce price changes or address changes. -

Often customers are informed of address changes through the direct mail medium. It is used for this purpose only when a specialty business, which knows and can locate its customers, is the advertiser. In this way, it expresses its sincere regard for its clientele, informs them of the address change, and assures their continuing patronage.

Where price plays an important role in the marketing of a product, direct mail is often used. The competition does not discover the price change until after the potential customers have been informed of the change. It is often too late for the competitors to take suitable



action when they discover the change.

To obtain orders or sales. - Catalogues are used to get orders or create sales directly. This is often termed the mail order business and not direct mail advertising. However, much advertising is intended to create sales directly. The advertisement is intended to communicate the desire for immediate buying action on the part of the prospect. The prospect is intended to respond to these advertisements by ordering the product or going to a local store and purchasing it. Oil companies send special offers to their credit card customers. These offers, such as a radio, taperecorder, or a powertool, are intended to result in immediate orders and sales.

To retain old customers and to deliver newsletters.- The offers made by the oil companies to their credit card customers are also intended to reactivate these accounts. Customers desiring the products offered must use their credit cards in order to purchase them. The logic behind this reactivation campaign is that a customer will use his credit card for oil and gas purchases if he has already used it for another purchase. It is thought that people would rather pay one bill a month instead of four or five separate bills for the same product. Therefore, if a customer can be convinced to use his credit card for one purchase, he will use it for the rest of his purchases that month. The oil company, thereby, retains its old customers and eliminates competition from the other oil





companies for that account.

Monthly or yearly newsletters are also sent through the direct mails in order to retain old customers. A customer who receives monthly or yearly newsletters informing him of the progress of his company will usually remain loyal to that company. Newsletters are also sent to employees to build their morale and retain their loyalty.

To conduct market surveys. - Most surveys are conducted through the mail. Questionnaires are often sent to sample units in order to acquire information. Much of this thesis has been prepared as a result of the information obtained through the direct mail.

Building traffic in the dealers place of business.- Manufacturers often supply their retail outlets with direct mail pieces to build traffic in the dealers' place of business. Sales advertisements and most other local advertisements are of this nature. The advertiser advertises his place of business and certain specialities which he is offering for a limited time, in order to attract people to his store. The aim of the advertisement is not necessarily to sell the particular speciality advertised, but to attract people to the store to look at and purchase all types of products.

To initiate a buying habit. - The direct mail medium is used to create product preference and purchase conviction. One of the methods of doing this is to initiate



a buying habit by sending out samples through the mail. Another is to suggest new ideas for product use, stressing the benefits of the product in order to keep present users sold. Coupon advertisements also try to create a buying habit. The logic behind giving prospects samples or coupons is to get them using the product. Hopefully, the prospect will become attached to that particular brand and continue to purchase it out of habit. Soap companies use this method most extensively.

To follow up mass advertising. - Mass advertising is used to contact the population at large. Direct mail is often used as a follow-up to mass advertising by communicating more information to certain market segments or purchase leaders. Once these people start to purchase the product, it is hoped the masses will follow.

To improve corporate image, - Many advertisers believe that by keeping in constant contact with their clients that they will improve their corporate image. Newsletters are often used for this purpose.

To persuade wholesalers, retailers, and professionals to view the product favorably. - Advertisers use the medium of direct mail to persuade professional people (mainly doctors) to recommend their client's products. Drug companies, who are really trying to sell their product to the final consumer, i.e. the patient, and are trying to get the drug stores to stock their product, must advertise to the doctor in order to get him to recom-



mend their product. Because of the important positions which the professional, wholesaler, and retailer hold in the buying chain, they must be influenced into either stocking or recommending products.

To develop sales where mass media do not reach. -

There are yet many people in Canada who do not have television and do not read the various mass media in which advertisements appear. Many people in the North are out of commercial radio range. Yet, often these people are an important market. They, therefore, must be reached by mail.

To aid, inform, or motivate employees. - Direct

Mail can aid employees by obtaining sales leads or by favorably disposing clients toward the product. Furthermore, newsletters inform and motivate employees.

To ask recipients if they want to be put on mailing lists. - Direct mail is sometimes used to ask suspects if they wish to be placed on a firm's mailing list. Libraries, universities, and business men are often asked if they wish to be placed on book publisher's mailing list. Anytime a new book is published in the "suspects" particular area of interest, he is informed of the fact. "Suspects" replying positively to this question, thereby, become good "prospects."

To test advertisements. - Direct mail has been used to test advertisements which are to be placed in other media. By sending various mailings to a carefully





selected representative sample of people and by keeping track of the actions of those people receiving the direct mail, it can be discovered which advertisements are the most effective.

If the uses of direct mail are listed in the order in which the majority of the sample units for each population of interest listed them, it can easily be discovered which uses of direct mail are most and least common. Table 5 ranks the tasks in descending order, from that task which direct mail is most commonly said to be used for to that task which direct mail is least used for. This has been done for each of the three populations of interest and is depicted by the numbers under the heading "rank".<sup>1</sup>

Four of the six top uses for direct mail advertising have been indicated as the most common use by all three populations of interest. Over 80 percent of those sample units responding have indicated that direct mail is used when the task is to contact a specific target market with a fairly specific message. It was the consensus of opinion of all three populations of interest that direct mail advertising was effective only when a clearly defined market segment could be located. It was indicated that contacting a specific target market was not so much a use of direct mail advertising as it is a

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<sup>1</sup>For the listing of the tasks in the order in which the majority of the sample units listed them see infra p. 191 , or Table 5.





criteria for deciding on whether or not to use direct mail advertising at all. In other words, if a specific target market can not be located and identified for a particular product, direct mail advertising should not be used, as its chances for success are reduced. The importance of directing direct mail to a specific target market has been stressed before.<sup>1</sup> A must in direct mail advertising is, therefore, to find the correlation between certain market segments and the product or service, in other words, to find "prospects" who are likely to be interested. Failure, or at least a relatively ineffective campaign, is the reward of any direct mail campaign which is directed to a "cold list" or a "suspect list" or a "mass market list".

Over 80 percent of the sample units indicated that direct mail can be used to deliver detailed product or service information. Those sample units which listed this as a use for direct mail advertising indicated that there were three dangers in delivering a message of detailed product information in any of the other media. The first danger is overreach and its accompanying wastage. This will occur even if the advertisement appears in a highly read trade magazine. Many people will be reached through this medium who are not interested in the product.

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<sup>1</sup>The Canadian government travel bureau receives greater responses to its direct mail advertising when this advertising is sent to "prospects" and not "suspects", the "cold list", (see supra p. 8 ).



They will not read the ad, since by its very nature it is too long.<sup>1</sup> Direct mail can avoid this waste. Through carefully chosen mailing lists only those people interested in the product will be reached.

A second danger of advertising in any other medium while trying to deliver a message of detailed product information is the possibility of not reaching the target market. Due to the competition of other articles and advertisements, the target market may overlook the advertiser's message. Direct mail is not subject to this danger. If the mailing list has been correctly chosen, the message will occupy the addressee's thoughts for an instant of undivided attention.<sup>2</sup>

The final danger is the cost of delivering detailed information. Detailed advertising messages are less costly to deliver through the direct mail medium.<sup>3</sup> Time and/or space requirements make all other media too

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<sup>1</sup>Lengthy copy will discourage the "suspects" from reading the advertisement and will be read only by those interested in the product or service, that is, the "prospects".

<sup>2</sup>Many "prospects" may also miss the edition of the magazine in which the advertisement appears, but all the "prospects" will look at their mail - even if it is only for bills.

<sup>3</sup>The cost which should be considered is the cost per response or sale and not the cost per advertisement delivered. Direct mail is often the most economical of the media when cost per response is considered (see infra p.144 ). Recently a study was performed by John D. Yeck and John T. Maquire. Their conclusion was that: "Mail efforts cost more per shot but less per hit." John D. Yeck and John T. Maquire, Planning and Creating Better Direct Mail.



expensive for a message of this type.

Over 70 percent of those sample units responding indicated that direct mail can be used to obtain orders and sales. The agencies did not rank this in the same position as the advertisers or associations. This is probably because the advertisers do this task through their own advertising departments.

Over 60 percent of the responding sample units indicated that direct mail should be used to announce new products.<sup>1</sup> The announcement of new products is ranked in the top third by all three populations of interest.

The three populations of interest differ in their selection for the next two uses of direct mail in the top third. The associations and the agencies list the next two uses of direct mail as obtaining sales leads and inquiries and initiating buying habits, while the advertisers list the final two uses of direct mail, in the top third, as following up mass advertisements and building store traffic. These differences, again, are probably due to the difference in outlook between the advertiser and the agencies as well as to the fact that the agencies are hired only for certain advertising purposes which the advertiser can not handle.

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<sup>1</sup>A study was done in this area by the direct mail committee of the Association of Industrial Advertisers under the direction of Roy G. Ljungren. "(Only 161 know cost/head in direct mail survey", Marketing, January 17, 1969. See infra p.198-199 , for the results of this study.





The bottom third includes only two common uses of direct mail. According to the results, direct mail is seldom used to test advertisements for other advertising media or to develop sales in markets where the mass media do not reach.

Direct mail is probably not used often to test advertisements which are to be placed in other media due to the fact that the best advertising presentation and message in the direct mail medium is not necessarily the best in any other media. It also is rarely used to develop sales in areas where mass media do not reach because of the expense of such a campaign and because of the comparatively small number of people in such areas. However, for advertisers with markets in these areas, direct mail is probably the best and cheapest medium.

#### When is Direct Mail Preferred

Table 5 shows the purpose for which direct mail can be used. It does not explain where or when the direct mail medium should be used in preference to other media. This was determined and is illustrated in Table 6.<sup>1</sup> The tasks are ranked in the order in which the majority of the respondents listed them.

When the preferences are ranked and then placed

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<sup>1</sup>It is also illustrated in the appendix (see infra p. 192) in a slightly easier form to read.



in descending order for each population of interest, it should be noted that all three populations of interest rank their preferences in approximately the same order. That is, the three populations of interest indicate that direct mail should be used in preference to the other advertising media for the same purposes.

All three populations of interest indicate that direct mail should be used in preference to the other advertising media for the task of communicating detailed information and in order to obtain sales leads. These two tasks are listed in the top third of all three lists.

Although all three populations of interest indicate that direct mail should be used in preference to the other media when the task is to contact a specific target market, only the advertisers and the agencies rank this task as a preference for direct mail, in the top third. Only 50 percent of the responding associations indicated that direct mail should be used for this purpose in preference to the other media.

Direct mail advertising should not be done unless it is directed toward a specific target market.<sup>1</sup> However, just because the advertiser is trying to reach a particular market segment does not mean that he should use the direct mail medium. That is, it is true that direct mail advertising should be done only when the task is to reach a specific target market, but it is not true that direct mail

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<sup>1</sup>See supra, p.89 ).



advertising should be done just because the market is small, easily located, and easily identified. There are other media which can be used to contact small market segments. Certain radio stations are orientated toward particular market segments. There are trade magazines which will contact certain market segments and finally outdoor advertisements will contact certain market localities. These media may bridge the gap between the advertiser and the consumer better than will direct mail. It, therefore, remains to determine which of the media will carry the advertising communication most effectively to the "prospects". That is, if the advertising message happens to be one of detailed information or one which tries to obtain sales leads, the direct mail medium may be the best bridge. However, if the message is one which tries to improve the image of the corporation in a particular target market, one of the other media may be more suited to the task than is direct mail.

Ninety percent of the associations indicated that they would use direct mail in preference to the other media for the task of obtaining orders or sales while 71 percent of the agencies and 33 percent of the advertisers listed this as a direct mail preference. In fact, this task placed in the top third of the association's list and in the middle third of the advertiser's and agency's preferences.





TABLE 6

USES FOR WHICH DIRECT  
MAIL IS PREFERRED

Uses Preferred	Agencies		Advertising		Associations	
	%	Rank	%	Rank	%	Rank
Target Market	82	2	87	1	50	6
detailed information	94	1	87	2	80	2
Sales leads	76	3	40	3	70	3
Inquiries	65	5	37	4	60	4
Initiate buying habits	59	6	33	5	50	5
Orders, sales	71	4	33	6	90	1
Corporation image	0	9	20	7	0	9
New products	41	8	20	8	20	8
Price announcements	35	7	13	9	40	7

Source: Survey responses.

Note: This table is read: 65 percent of the agency sample units prefer the direct mail medium to any other media for the purpose of obtaining inquiries from the addressees.

Appearing in the middle third of the preference, was the indication that direct mail should be used for obtaining inquiries and initiating buying habits. Less than 40 percent of the sample units indicated that direct mail should be used in preference to the other media for the purpose of announcing price and address changes, announcing new products, or improving the corporation image. These three tasks appeared in the bottom third of all three lists. This does not mean that direct mail is not effective for these purposes. It does indicate that direct mail is more effective for those purposes ranking above the bottom third, however.





The results in this section could be improved upon by showing the above nine preferences to the sample units, having them indicate whether or not they would use direct mail in preference to the other media for these purposes, and then having them rank the preferences. The question which was asked, however, only tried to determine those purposes for which direct mail was to be preferred to the other media.<sup>1</sup> Some sample units, therefore, listed almost all nine preferences, while others listed only one or two of the preferences. The resultant table truly represents only the number of sample units which indicated that they preferred direct mail for each task.

#### When Direct Mail Is Not Preferred

It is important to know when other advertising media should be used in preference to direct mail. That is, direct mail is probably ineffective in certain types of advertising campaigns. Media selection would be facilitated if direct mail's weaknesses were known. This information was obtained from answers to the questions: "When shouldn't the media of direct mail be used in preference to the other media? What type of products are least suited to direct mail advertising?"

This information is summarized in Table 7. Table seven agrees with the information derived in tables

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<sup>1</sup>See infra p.180 .



five and six. Direct mail is used in reaching a specific, known, and easily identified market segment. In cases where the mass market has to be contacted, direct mail should not be considered as one of the advertising media.

For example, if a manufacturer of a breakfast cereal wanted to advertise, he would appeal to the mass market. This would mean that he would not use the direct mail medium, as direct mail is very expensive when used to advertise to the mass market. There are many other media which are more effective for this purpose.

Over 80 percent of the associations and agencies have indicated that direct mail should not be used in advertising to the mass market. Of the advertisers, sixty percent indicated that direct mail should not be used for this purpose. The reason that more advertisers have indicated that they would use the direct mail medium to advertise to the mass market is that many of the advertisers do communicate messages to the mass market through the direct mail.

The majority of the advertising agencies and associations believe direct mail should not be used in institutional advertising, although they cited examples where it has been. For example, the City of Edmonton does what could be called institutional advertising.



TABLE 7

USES WHERE OTHER MEDIA ARE  
PREFERRED TO DIRECT MAIL

Uses	Agency		Advertiser		Association	
	%	Rank	%	Rank	%	Rank
Mass Market	82	1	60	1	80	1
Corporation image	76	2	43	2	70	2
Repetition	29	4	33	3	0	5
Final consumer	29	3	10	4	50	3
Large products	12	5	0	5	0	4

Source: Survey responses.

Note: This table is read: 43 percent of the advertiser sample units would use another media in preference to direct mail for the purpose of improving the corporation's image.

The City of Edmonton advertises the merits of Edmonton as a potential plant cite to various companies. They try to establish a favorable image of the city in the minds of the companies.

Another exception to the rule would occur in the case of a University advertising to its alumni. This type of advertisement would be used to create goodwill and a continuing favorable image.

Although the above two examples show cases where direct mail is aimed at a specific audience for the purpose of institutional advertising, institution advertising rarely can be aimed at a specific audience and direct mail is rarely used for this purpose. In fact, several of the Edmonton advertising agencies stated that direct mail was not the most effective medium for this purpose.





Direct mail is rarely used for the purpose of bombarding the "prospects"/ That is, it is rarely used where repetition is wanted. Many of the sample units indicated that the radio, television, newspapers and outdoor advertising were more effective and not half as annoying for this purpose.

At least 10 percent of the sample units have indicated that direct mail should not be used to advertise to the final consumers. Many of the advertisers, agencies, and associations believed that there were circumstances in which direct mail was effective for this purpose. The majority of the direct mail advertising which is done by the oil companies, banking institutions, and book clubs is directed at the final consumer. Drug manufacturers and many other manufacturers direct their direct mail advertising at the middle man: the doctor, wholesaler, and retailer.

Very few of the sample units believed that direct mail was not suited to advertising large -- expensive products. In fact, several agencies stated that the automobile companies were missing a fabulous opportunity by not using more direct mail.<sup>1</sup> Furniture companies also frequently use direct mail to advertise their products.

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<sup>1</sup>Keith Garrett Limited was an outspoken proponent of automobile companies using more direct mail. They indicated that direct mail could be used by the automobile manufacturers to identify prospects from the mass market, build traffic in the dealers' place of business, promote special markets (i.e. the second car market), and conserve customers.



## Stages in a Consumer's Movement toward Acquiring A Product

There are six stages in a consumer's movement toward acquiring a product. The transition of the consumer from one stage to the next can be brought about through advertising. For that matter the prime function of advertising is to move a consumer from one level to the next and to finally making the purchase.

The six stages and the accompanying functions of an advertising campaign are listed in Illustration 1.

### Illustration 1

#### The Stages in a Consumer's Movement Toward Acquiring a Product and the Accompanying Functions of an Advertising Campaign

<u>Consumer Stages</u>	<u>Advertising Function</u>
1. Awareness	Supplying information & ideas
2. Knowledge	
3. Liking	Creating a favourable attitude of feeling toward a product
4. Preference	
5. Conviction	Convincing the consumer to acquire the product.
6. Purchase	

Source: Robert J. Lavidge & Gary A. Steiner, "Advertising Stages", Journal of Marketing, (American Marketing Association, New York, 1961, V25), p. 61.

Certain media are more effective than are other media in moving consumers through certain stages. For example, point-of-purchase displays and retail store ads are most effective in moving a consumer from the conviction stage to the purchase stage.



It would be beneficial to determine what stages direct mail advertising is most suited for in influencing the potential consumer to move toward making a purchase. This information was acquired as a result of asking the question: "Which of the stages is the medium of direct mail most suited for?" This information is summarized in Table 8. Only the Edmonton advertising agencies were asked this question.

TABLE 8

PERCENTAGE OF AGENCIES BELIEVING DIRECT MAIL  
IS MOST SUITED FOR MOVING THE CONSUMER FROM  
A CERTAIN STAGE TO THE NEXT

<u>Stages</u>	<u>Percentage</u>
Unawareness	---
Awareness	86
Knowledge	86
Liking	14
Preference	29
Conviction	29
Purchase	57

Note: This is read: 14% of the agencies believe direct mail is most suited in moving a person from the knowledge stage to the next stage (liking).

The results of the study indicate the majority of the agencies believe the prime function of direct mail is to supply information and ideas to prospects. Its next purpose is to convince the consumer to acquire the product, and its least important purpose is to create a favorable attitude or feeling toward the product.





Direct mail assumes a different form in carrying out each of the above listed functions. When direct mail is used to supply information and ideas to prospects, it takes the form of personalized letters. When its primary purpose is to create a favorable attitude or feeling toward the product, it assumes the form of samples. Samples are sent through the mail to create a buying habit through use.

Coupons are used to move a person from the preference stage through the conviction stage to the purchase stage. The only way a coupon is of any value to the receiver is if he makes a purchase with it.

#### Advantages and Disadvantages of Direct Mail

It is 'important' to know the advantages and disadvantages of a tool before you use it. With this in mind the Edmonton agencies were asked to list the advantages and disadvantages of the direct mail medium. Table 9 lists the advantages of the direct mail medium as seen by the various Edmonton advertising agencies and Table 10 lists the disadvantages.

The three outstanding advantages of direct mail are its selectivity, flexibility, and minimum wast circulation. Direct mail is selective because the advertiser can single out his market segment and advertise directly to them. He can select an audience which is made to order. It is also very flexible because names can be added or sub-





TABLE 9

## MAJOR ADVANTAGES OF THE DIRECT MAIL MEDIUM

<u>Advantages</u>	<u>Percentage</u>
Selectivity	100
Flexibility	100
Minimum Waste Circulation	100
Personal and Specific	86
Wide Variety of Forms	43
Privacy	43
Lack of Distractions	43
Sent to Most Receptive Address	43
Speed to Put Together and Get Out	43
Tested as it Proceeds	14
Directly Traceable Results	14

Source: A Survey of the Edmonton Advertising Agencies. This information was gathered in response to an open ended question.

tracted from the mailing list with little trouble. The advertiser has control over the circulation whether or not he wants a large or small circulation. Because of the flexibility of the direct mail medium, the advertising expenditures can be kept within bounds. Because of the selectivity and flexibility of direct mail, a circulation can be designed where there is a minimum of waste circulation.

The majority of the agencies believe another advantage of direct mail is that it can be made more personal and specific than can a message in any other media. Direct mail can be addressed to a specific prospect rather than a heterogeneous group. Often this gives the medium prestige which no other medium can match.



These advantages of direct mail have come to be known as the characteristics of the direct mail medium. In order to classify the characteristics of direct mail advertising, which is the purpose of this chapter, it will prove useful to explain each of the advantages in some detail.<sup>1</sup>

Direct Mail is Selective. - The advertiser using direct mail can exercise precise control over the delivery of his message. Sales communications can be directed to the profile of such customer characteristics as age, sex, and income. An appeal can be directed to 100 hand picked millionaires just as readily as to a very select professional group of 100,000 book buyers. Lists can be obtained in many cases with postage guaranteed up to 98 percent accurate.

Direct Mail is Flexible. - Names can be added or subtracted as the advertiser chooses. The advertisements can be directed at large or small circulations.

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<sup>1</sup>Many of these advantages are listed in various marketing books. The explanation of each advantage or characteristic is a result of a summary from these books as well as from information supplied by the various associations. Charles M. Edwards Jr. and Russell a Brown, Retail Advertising and Sales Promotion, Chapter 15, Richard S. Hodgson, Direct Mail and Mail Order Handbook, p. 26-27. Hugh E. Agnew, "How to Select and Evaluate Advertising Media", Advertising Handbook, edited by Roger Barton (Englewood Cliffs, New Jersey: Prentice-Hall Inc., (1950), Section 12. Direct Mail Advertising Association, Advantages of Direct Advertising (New York: Direct Mail Advertising Association), File 1201. American Association of Advertising Agencies, Direct Mail Advertising: (Detroit: American Association of Advertising Agencies).



Direct Mail can have Minimum Waste Circulation. -

Because direct mail should be selective and is flexible, it can be directed at specific target individuals. These individuals will be true "prospects" and not merely "suspects". This means that wasted coverage can be avoided.

Direct Mail can be personal and specific. -

Each person gets a personal letter, directed to him and no one else. All direct mail is not of a confidential nature, but when such an approach is needed, only this medium can provide the means. The mailing can be made to relate specifically to each addressee. There is nothing indirect in this approach as there is in newspaper, magazine, radio, television, and outdoor advertising. It has been said that the best way to sell is to have a salesman make a call on every prospect. Direct mail is the only other way to make a personal call on a prospect.

Direct mail can have a wide variety of forms. -

Direct mail pieces can range from inexpensive envelope stuffers to elaborate catalogues.<sup>1</sup> The individual vehicles can be adapted to the market or the message. Samples, photographs, and coupons may be enclosed. The best methods of reproduction and coloring can be used. In fact, the originality and design of the mailing piece is limited only by the advertiser's ingenuity and the suitability of the individual pieces. There also is no

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<sup>1</sup>For a list of the forms see supra p. 28-29 .





limitation on space, format, and time as there is in other advertising media.

Direct mail is private. - No one else sees the advertising except the person to whom it is addressed. Competitors may be kept in the dark about promotional activities until it is too late.

In Direct Mail there is little competition with other advertising messages. - Direct mail gets the undivided attention of the prospect for a moment of time. There is no adjacent advertising or editorial content competing for attention and the ad cannot be badly positioned in the medium used. It will stand or fall on its appeal just as will any other advertisement - but at least it will have a better chance because, there is less competition for the readers' attention.

Direct mail may be sent to the most receptive address. - If a person is more receptive to certain types of advertisements at the office than at home or vice versa, the mailing can be sent to that address.

Direct mail can be put together and got out quickly. - For a quick promotion, or an emergency mailing to take advantage of a situation, the production of direct mail can be geared to meet the need without waiting for a publication date or a space and time opportunity.

Direct mail can be tested as it proceeds. - Direct mail can be sent out to small units of the target market. The response from these units can be measured.



If the campaign is going poorly, it can be changed; if it is not, it can be continued.

Direct mail has directly traceable results. -

Results can be traced more accurately than with any other media because purchaser's names may be checked against mailing lists.

Direct mail also has several disadvantages. The major disadvantages are listed in Table 10.

TABLE 10

DISADVANTAGES OF DIRECT MAIL

<u>Disadvantages</u>	<u>Percentage</u>
Compiling a mailing list	100
Deterioration of mailing list	86
Difficulty of getting people to open mail	43
Troublesome to persons addressed	14
Need for specialized skill	14

Source: A survey of Edmonton Advertising agencies.

The major difficulty and disadvantage of direct mail advertising seems to be its major advantage, i.e. the mailing list.

Only 43 percent of the agencies felt that the difficulty of getting the addressee to open the envelope was prohibitive. The other agencies felt that this was easier to do than getting newspaper readers to glance at the advertisements.

Very few of the agencies felt direct mail was



any more annoying to the people receiving it than is advertising in other media.<sup>1</sup>

Only 14 percent of the agencies indicated the need for specialized personnel was a difficulty with direct mail. This same problem exists with all other media.

#### Businesses Using Direct Mail Most Extensively

The Edmonton agencies agreed that the majority of their accounts, for which direct mail advertising was performed, were in the speciality-good business. Industrial firms are the second largest users of direct mail. Firms engaged in travel or leisure time pursuits are the third largest users of direct mail. This is indicated in Table II.

TABLE II

#### TYPES OF BUSINESSES USING DIRECT MAIL

<u>Business</u>	<u>Percentage of Agencies With this Opinion</u>
Speciality store	100
Industrial Manufacturers	50
Travel and Leisure Time	50
New Businesses	29
Consumer Service Industries	14
Consumer Goods Industries	--

Source: Edmonton Advertising Agencies.

Two of the agencies believed that often the first contact that a business has with advertising is with the medium of direct mail. Many of the other agencies

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<sup>1</sup>See infra p. 152 .



did not share this view. However, according to Otto Kleppner, the first forms of advertising that a firm will use will be letters and folders, and no matter how large it becomes direct mail will always be one of the forms of advertising it uses.<sup>1</sup>

Consumer-service businesses such as dry cleaners and restaurants use direct mail more extensively than do consumer-goods firms such as retail stores, according to the Edmonton agencies.

None of the agencies believed local firms use direct mail more extensively than do national firms. They were, however, in agreement that local agencies were not using this medium as extensively as they should.

### The Mailing List

From previously mentioned results it would appear that the main advantage of direct mail advertising and yet its main difficulty lies in compiling the mailing list. With this in mind the study tried to determine two things. First, what is the best source of a mailing list, and secondly, what should be looked for in compiling a mailing list.

The approaches used by the agencies in compiling a mailing list were extremely varied. It would appear that the more sophisticated was the method, the more successful was the agency.

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<sup>1</sup>Otto Kleppner, Advertising Procedure (Chapter 18).





The approaches varied from using a "cold list" (i.e. opening Henderson's directory or the telephone book at a random page and using the people on those pages as units of the mailing list) to determining and selecting people of similar tastes and experiences, after painstaking study.

Mailing lists can be purchased from mailing list brokers.<sup>1</sup> The Audit Bureau of Circulation in Toronto verifies many of these lists. Their direct mail audit reports contain statistical information relating specifically to the size of the list and how the list was compiled.

The following sources have been suggested by the Edmonton agencies as being good sources for mailing lists.<sup>2</sup>

1. Professional lists
2. Club lists
3. Customer lists, both cash and credit
4. Suggestions of present customers
5. Suggestions of store employees
6. Census directories
7. Newspaper subscription lists
8. School registeries
9. Press clippings

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<sup>1</sup>This is a particularly poor method for Edmonton as there is only one mail list broker in Edmonton and national brokers know little of the Edmonton market.

<sup>2</sup>R.S. Hodgson lists 66 basic mailing list sources R.S. Hodgson, Direct Mail and Mail Order Handbook, p. 316.



10. Automobile registration lists

11. Telephone and other directories

The agencies were in agreement that customer lists resulted in mailing lists which showed the biggest returns. It was also suggested that in cases where the cost of a survey was prohibitive, the yellow pages would yield good lists.

The agencies indicated that the following things should be looked for in compiling a mailing list.

1. Special interests,
2. Socio-economic data, and
3. Knowledge that a person is in the market or should be in the market for a particular product.

Fifty-two percent of the agencies said that if the present method of agency compensation was changed from the commission method to the fee method, better mailing lists would be compiled. Under the present system the agency does not get paid for compiling and researching a mailing list. It gets paid a commission on the cost of printing by the printers.

Whatever the method of compiling the mailing list, there is no doubt that there should be more research in mailing list compilations. Although compiling, updating, and checking the mailing list has little glamour, it is the heart of all direct mail campaigns. The sample



units indicated that the major use of direct mail was to contact a target market, that direct mail should be used only when there is a specific target market, and that the major advantage of direct mail was its selectivity. All three of these items depend on the accuracy of the mailing list. Much of what is termed junk mail is the result of a poor mailing list. It, therefore, remains to put more effort into this important but dull side of the direct mail campaigns.

### Volume of Direct Mail Advertising

Just how extensively is the medium of direct mail used? What percentage of a company's budget is spent on direct mail? These are important questions in determining the volume of direct mail advertising which is done every year.

The following question was asked of the Edmonton agencies: "What percentage of your customers use direct mail advertising?" For the purposes of this paper, the answer will be restricted to the percentage of the agencies' clients which have used the medium of direct mail between January 1, 1968 and December 31, 1968.

The majority of the agencies indicated approximately 75 percent of their clients used direct mail in 1968. Of this percentage, 10 percent were regular users of direct mail, 50% used direct mail in about one-quarter of





campaigns, and 25 percent used direct mail in a very small percentage of their campaigns. Approximately 10 percent of their clients' budget was spent on direct mail advertising.

Edmonton advertising agencies did \$225,000 of direct mail advertising in 1968. This excludes agency salaries, but includes printing, mailing, and design costs. This figure represents only the amount of direct mail advertising which is done by Edmonton agencies. Many retailers and manufacturers in Edmonton do direct mail advertising on their own.

According to the Canadian Direct Mail Association, the dollar value of direct mail advertising in 1967 was \$379 million. This figure includes the postage and production costs of advertisers and agencies, but does not include the cost of direct mail creative services. Baker further states that this medium is growing by 10 percent per year and that other users such as automobile companies are starting to use it.<sup>1</sup> The Maclean Hunter Research Bureau estimates that the dollar value of direct mail advertising by agencies, excluding creative effort, in 1967 was \$185,000,000,<sup>2</sup> while Mr. Gales of the Canadian Government Travel Bureau places the total

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<sup>1</sup>"Advertising: A Feature Report", The Financial Post, p. A-57.

<sup>2</sup>Canadian Advertising Advisory Board, Advertising Today (see supra p.6 ).



dollar value of direct mail advertising which is done by advertisers and agencies, excluding creative effort, in 1965, at one-tenth of the United States figure of \$2,408,275,000 (or \$240,827,500).<sup>1</sup> It should, therefore, be concluded that direct mail advertising generated at least \$500 million in 1967 including the creative efforts of the designers.

Mr. Hogan of the Information and Public relations office of the Canada Post Office indicated that in the fiscal year 1967-1968, 1,331 million items of third class mail were posted in Canada, of which 430 million were unaddressed items. In addition, to the unaddressed items, fifty percent of the volume of addressed mail was handled as direct mail. Therefore, approximately 880,500,000 articles have been mailed as direct mail. These mailings have brought a revenue in the amount of \$7,000,000 from unaddressed mail and \$18,000,000 from addressed articles or approximately \$25,000,000 in revenue to the Post Office for direct mail which is mailed third class.<sup>2</sup>

The Graphic Arts Industries Association has estimated that approximately \$35,000,000 in postage revenue is produced annually from all direct mail whether it is sent first, second, third, or parcel post class.<sup>3</sup> It may,

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<sup>1</sup>Mr. Gales included this in his reply to this survey.

<sup>2</sup>This information was obtained in a letter written by Mr. Horgan replying to this survey.

<sup>3</sup>Mr. David Maclellan, General Manager of the Graphic Arts Industries Association, supplied this information.



therefore, be concluded that a very large volume of direct mail advertising is done each year.

Information was exceedingly difficult to obtain concerning the percentage of the advertisers' advertising appropriation spent on direct mail advertising. However, the direct mail committee of the Association of Industrial Advertisers reported that approximately 30 percent of industrial advertising managers spent more than 10 percent of their advertising budget on direct mail in the United States. Fifty percent of the respondents to that survey believed that their direct mail expenditure would increase and the others said theirs would remain constant. The agencies reported that 10-15 percent of the advertisers use direct mail regularly, 50 percent use it infrequently, and 25% rarely or never use it.<sup>1</sup> The similarity of these results to those obtained from the Edmonton advertising agencies would indicate that they had read the article reporting the American information.

The industrial advertisers spent a fair percentage of their budget on direct mail advertising. However, the small advertisers, such as retailers, speciality stores, department stores, and the like, should spend a much larger percentage of their budget on direct mail advertising.

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<sup>1</sup>"Only 161 knew cost/head in direct mail survey," Marketing, January 17, 1969.





In order for any conclusions to be drawn in this area a much more extensive study must be performed. The Canadian Direct Mail Association is at present conducting such a study which should be finished in five years time.

### The Trend of Direct Mail Advertising

Direct mail advertising has changed very extensively in the last several years in order to catch and hold the public eye. Larger and more elaborate mailing pieces have been sent. Color is splashed about in a manner in which it never was before. What course, then, can we see direct mail taking in the next few years?

Without exception the agencies stated that more personalized mailings are coming. Gone are the days of "Dear Householder". Gimmicks and novelties are also in the wind, such as pop-out cards (when the advertising piece is opened, a center piece stands up).

Another interesting example is that used in advertising a Cheese-Wine Taster party recently held at the MacDonald Hotel. Direct mail pieces were sent out wrapped in burlap which was tied with wire. The name and address of the addressee was attached to the wire. Inside the sack was a large yellow wooden block with holes in it. There was a picture of a man painted on the block holding a glass in his hand. The man was three quarters red, the glass was one quarter red.





Of course the block represented the cheese and the partially red man and glass represented a well wine person. These mailing pieces were sent to a well selected mailing list of 200 people at a cost of \$2.00 each. The turnout was 100 percent.

Another form that direct mail advertising seems to be taking is the mailing of direct mail pieces which are useful in themselves. For example, a graphics conference was to be held. A high turn out of advertising agency personnel was desired. One cuff link of a fairly expensive set was sent to a selected mailing list together with an invitation to attend the design meeting. If the addressees wanted the other cuff link, they had to attend the meeting. The turnout was 100 percent. Of course some people may object to this sort of bribery.

The use of gimmicks and novelties is indeed seen to be increasing in order to attract and hold the addressees' eye. According to the advertising agencies, more of this can be expected in the future. In fact, the originality and creativeness of the designer are the only limits to the forms which direct mail advertising can take. However, cost and audience reception will limit the forms mailed.



## CHAPTER VI

### EFFECTIVENESS OF THE DIRECT MAIL MEDIUM

The most important consideration for an advertiser when choosing a medium is whether or not the medium will deliver the message. It is a waste of money and effort if the wrong bridge is chosen to carry the advertising vehicle and its passenger, the advertising message, to the target market.

The preceding chapter explained the nature of the message and the purpose for which direct mail is designed. This chapter will try to determine the present effectiveness of this medium. In reading this chapter, it must be remembered that the effectiveness described is the result of campaigns where direct mail has not been used for the proper purposes as well as the result of campaigns where it was used exclusively because of the advantages it enjoys in delivering certain types of messages.

The first thing which must be considered in determining whether or not a particular medium is effective is the effect of the advertisement. The ultimate goal of



advertising is to increase sales in the long run. But to do this, the advertisement must have an immediate effect as well. This would seem to indicate that direct mail's effectiveness in moving a prospect from one motivational stage to the next should be measured.<sup>1</sup> However, one of the prime advantages of direct mail advertising is the comparative ease of tracing the results of an advertising campaign.<sup>2</sup> That is direct mail campaigns are usually set up so that the prospect has to or can make inquiries concerning the product or service. Many of these inquiries are used for sales leads and some of these leads eventually result in sales. Many types of direct mail advertisements other than mail order advertising are intended to result directly in sales. The oil companies commonly offer power tools, radios, televisions, and tape recorders to their credit card customers in order to reactivate the accounts.<sup>3</sup> Coupons are often sent through the direct mail to prospects. In order to serve their purpose of increasing sales and creating a buying habit, they must be used. The number of coupons which are turned in will indicate the success of the campaign. Therefore, one method of measuring the effectiveness of direct mail is through the invited responses to it.

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<sup>1</sup>See supra p. 101-102 .

<sup>2</sup>See supra p. 108 .

<sup>3</sup>See supra p. 7 .





This does not mean to say that direct mail's success in moving a prospect through the motivational stages would not yield a great deal of information which would probably measure the long run effectiveness much better than a response measurement survey. However, this information is even harder to obtain.

A second method of determining the effectiveness of a medium is to discover the factors which will affect its efficiency. For example, the main factors which determine a newspaper advertisement's success is the newspaper's ability to reach the prospects when the advertisement appears, and the positioning of this advertisement so the prospect will see and read it. It is possible to miss the prospects with newspaper advertising as they may not read the paper, for one reason or another, or the competing advertisements may overshadow that particular advertisement. It is, therefore, important to discover what factors will determine the effectiveness of direct mail advertising.

The addressee's response to direct mail also determines its effectiveness. If the addressee does not open the direct mail piece, or does not read it, or does not remember it; the advertisement is of course largely ineffective. Media selection would, therefore, be aided if it could be determined whether or not direct mail was any more prone to being overlooked by the addressee than are the other media.



The size and type of audience which a medium reaches also determines its effectiveness. For example, certain radio stations can claim only a very small audience or an audience which is composed almost entirely of teenagers. These stations, of course, may be effective in reaching these people, but they are not as effective as other stations which reach the same people plus others. Therefore, the type of audience to which a medium appeals will determine the effectiveness of the medium.

The final factor which will determine the effectiveness of a particular medium is its cost. Some media are very expensive in cost per advertisement delivered while others are very expensive in cost per sale made. An inexpensive medium which sells the same quantity of goods, in the long run, as an expensive medium, is of course, more effective per dollar spent. Most advertisers are naturally interested in the medium which is the least costly per sale.

#### Responses to Direct Mail

It is very difficult to generalize and state a response which could be expected for all direct mail advertisements, although the results of each individual mailing are comparatively easy to trace. There are just too many factors involved in each mailing, and each campaign is slightly different. Mr. E.D. Cathcort states;

"I have always considered it dangerous to speculate on a resultant enquiry by way of leads, sales, positive or negative response to any Direct Mail package as each one will vary greatly, depending upon the message, the format,



the style and/or size of the piece mailed, the audience to which it is mailed and the condition in the market place at the time of the mailing. As you, no doubt, have already discovered, most people in this industry recommend that anyone seriously interested in selling via Direct Mail, test all of the packages which they believe to be the best for their product; prior to mailing their total audience.<sup>1</sup>

That is, many of those advertisers advertising through the direct mail medium are not using direct mail for the purposes outlined in Chapter Five (supra p.82 ). However, others are using direct mail for these purposes. The matter is further complicated by the fact that many different direct mail advertising forms are and can be used. Some of these forms are more successful than are others for certain campaigns. Furthermore, the advertising message and not the medium which is used may be responsible for the failure or success of the campaign. That is, no matter how good the offer or the product or the terms, the customer-to-be still has to be sold. He must be persuaded to take action, and to deal with the advertiser, and not someone else.<sup>2</sup>

However, it would still be useful to note the responses to direct mailings at large. This would help to determine whether or not the majority of the firms advertising through the direct mail medium are actually

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<sup>1</sup>Mr. E.D. Cathcort, Manager of the Marketing Services Division for R. L. Polk and Co. (Canada) Ltd., pointed this out as a difficulty of this survey.

<sup>2</sup>Henry Hoke, Sr. "What you should Know About Direct Mail, p. 24.





wasting their time or not. That is, it would help to determine whether or not direct mail is by and large "junk mail". This information is summarized in Table 12.

TABLE 12

RESPONSES TO DIRECT MAIL  
ADVERTISEMENTS

	<u>Percentage of Total Mailing</u>
Inquiries	9
Leads for salesmen	6
Sales	2
Coupon returns	10

Note: These results are an average for all those advertisers, agencies, and associations responding. These results include the experiences of the various responding sample units and are not an average for the entire population. Very little confidence should be placed in these figures as very few of the sample units kept a record of their results and those who did more than likely reported their better campaigns and not their average returns.

It would appear that if a fairly well planned and executed campaign were conducted, 9 percent of the people receiving direct mail could be expected at least to inquire further into the product (service) or request the free offer. Two thirds of those people enquiring would normally be used as sales leads to be contacted by salesmen. Only one third of those people contacted by sales people could be expected to make a purchase.

There are, of course, many direct mail campaigns which do not attempt to create inquiries, or generate sales leads. (However, the purpose of all advertising is to increase sales in the long run) For example, Imperial Oil





has for years only sent out informational direct mail, yet these mailings are expected to increase traffic at the dealer's place of business. The sample units responding indicated that approximately 10 percent of direct mail pieces eventually resulted in sales. This is, of course, very hard to determine as there are so many other variables entering the pattern, such as other advertising, buyer's needs, and changes in the prospects buying priorities. This figure is similiar, however, to the percentage of coupons which can be expected to be returned.

These figures vary widely from campaign to campaign and indeed from area to area in the same campaign. One of the larger agencies, a specialist in direct mail, indicated that a direct mail programme on behalf of a client who was interested in obtaining unqualified response to a free premium offer amongst engineers gained a response of 30 percent. Only 12,000 pieces were released. They go on to say that this could easily be interpreted as an extremely successful programme, except that it was not known what percentage of the responses were of any significant value to the advertiser. By the same token direct mail programmes which produce response rates of 1 - 2 or 3 percent may be considered stunning successes.<sup>1</sup>

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<sup>1</sup>Rip I. Gauthier, Vice President of Herbert A. Watts (Quebec) Limited, pointed out the mistake of considering a high response rate as an indication of a successful campaign. After all the task is to sell the product.



Book publishers, record companies, and a small number of general merchandize gift organizations commonly expect a response rate of 3 - 6 percent in direct mail campaigns. There are many cases where these response rates are 9 percent, 10 percent, and as high as 15 percent.

Pharmaceutical companies state that they very seldom get feedback from physicians on their routine direct mail. If they include a sample offer or a literature offer or some other attention getting device, the response rate can range from as low as 10-12 percent to as high as 50-60 percent.

The oil companies indicated that credit card merchandise offers frequently develop responses in the 3 percent to 5 percent range, whereas expensive direct mailings to selected executive lists sometimes have generated in excess of 60 percent response.

Of course, the time of year and the product or service being offered greatly affects the response rate. The Canadian Government has found that, in tourist advertising, if they are talking about "Fishing in Canada" in the spring the response has been from 20 - 30 percent, but if they are promoting "Winter Travel" the response has been from 3 - 5 percent. Approximately one third of these enquiriers end up on a Canadian vacation.<sup>1</sup>

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<sup>1</sup>J. Gerald Gales, Direct Mail Chief, Canadian Government Travel Bureau.



Probably the most representative figures are those presented by Mr. C. C. Holton and Mr. J. G. Gales for the normal response rate in industry. Between 2 and 5 percent of the total mailing usually responds in some manner or other. Response rates are usually 2 percent and, therefore, the direct mail industry is commonly known as the "two percent trade."<sup>1</sup>

However, as has been indicated, when the mailing is sent to a specific target market and a well chosen mailing list has been formed, the response rates are usually much higher and returns of over 60 percent are not unknown. Mass mailings, however, would approximate the credit card merchandizing offers of the oil industry and the two percent response would be expected.

Starch and staff did a survey of direct mail for a chain of department stores in 1963. Two thousand personal interviews were performed during a two week period after the mailings had been circulated in eight major American cities. These interviews were done inside the store after the customer made a purchase. Twenty-five percent of those people interviewed stated that they had received the circular. Sixty percent of these people said that their visit was a result of direct mail advertising done in the first week. Forty two percent said that the

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<sup>1</sup>Mr. C.C. Holton, President, National Paper Goods Limited. Mr. J. Gerald Gates, Direct Mail Chief, The Canadian Government Travel Bureau. Mr. J.H. Baldwin, P. Eng., President, Heath Company.





visit was a result of direct mail advertising done in the second week. The overlap is the result of some people having seen both weeks advertisements before coming in.<sup>1</sup>

This does not represent the number of responses or sales which direct mail pieces can create, but it does show that people do buy products or services as a result of direct mail programmes. The effectiveness of that campaign was not stated; the overall response could have been very low or very high.

The Maclean-Hunter Research Bureau researched direct mail advertising in Canada for the Financial Post. They discovered that 57 percent of the receivers of direct mail purchase products and services, at least some of the time, as a result of direct mail advertising and selling efforts. Seven percent of those people receiving direct mail purchase the products advertised frequently, 24 percent purchase the products advertised occasionally, and 26 percent rarely purchase the advertised products. Thirty eight percent of those people interviewed said that they never purchased products advertised in the direct mail. The other five percent stated that they did not receive any direct mail.<sup>2</sup>

Although the figures given in this section should be questioned, the results do show that direct mail

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<sup>1</sup>Richard S. Hodgson, Direct Mail and Mail Order Handbook, p. 187.

<sup>2</sup>"Advertising: A Feature Report", The Financial Post, (November 9, 1968), p. A-57.



advertisements meet with a comparatively high rate of success even though they are often mishandled and misdirected. This is further proved by the fact that many large advertisers who advertise in many of the other media also use direct mail. In fact, their use of direct mail advertising is increasing and many new advertisers are starting to use the direct mail medium for the first time. Surely, large advertisers who advertise in many other media would not waste time and money on an ineffective medium. The Canadian Government Travel Bureau has found this such an effective medium for contacting their specific target market that they spent \$700,000 on direct mail in 1967.<sup>1</sup>

Direct mail advertising would probably have much more success if the idea that direct mail is easy to produce was not so prevalent. When direct mail is carefully designed to contact a specific market for the reasons outlined/ in Chapter Five (see supra p.82 ), it is a very effective medium. It should be noted that whenever figures of over 10 percent response are indicated, the mailing has been directed to a well chosen, interested mailing list.<sup>2</sup>

#### Factors Influencing the Effectiveness of Direct Mail

The most difficult task which a successful direct mail campaign must undertake is discovering or

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<sup>1</sup>Donald L. Bythell, "Computerized Direct Mail Promotes Tourism in Canada" The Reporter of Direct Mail Advertising, May 1968.

<sup>2</sup>See Supra p. 90



drawing up an accurate mailing list. This list must be a list of "prospects" and not "suspects". A direct mail campaign is no more successful than the mailing list is accurate. As has been seen, the directing of a mailing to the right list of people can change the results from a two percent return to a 60 percent return. The prime difficulty and the most important factor in determining the success of a direct mail campaign is, therefore, the researching of the product and its market in order to derive an accurate mailing list.

TABLE 13

FACTORS DETERMINING THE EFFECTIVENESS  
OF DIRECT MAIL

<u>Factors</u>	<u>Percentage</u>
Finding the market segment	85.6
Opening the letter	52.2
Repetition	28.6
Gate Keepers	28.6
Reading the letter	0.0
Recognition	0.0
Recall	0.0

Source: This information was derived in interviews with Edmonton Advertising Agencies.

In addition to preparing the mailing list there is a further problem of getting the addressees to open the mailing piece. It was suggested by many of the advertising agencies that this is not the case, especially if the direct mail is addressed to a specific person. However, if the mailing is not addressed to "prospects" and is easily identifiable as direct mail, getting the "suspects"





to open the letter is very difficult. Several of the agencies said that this made little difference; if the mailing was in the wrong hands there would be no sale anyway.

There is a further difficulty, especially when the advertising package is sent to a business. That is, the advertisement must get by the gatekeeper, the secretary. Usually, according to the Edmonton advertising agencies, the direct mail can be got past the secretary to the target person if it is of a nature which is highly significant to that business. This again stresses the importance of designing a good mailing list.

A further factor which determines the effectiveness of this medium is the cost of repeating the message to the target person. (However, it has been suggested that this should not be a function of direct mail anyway.) This difficulty is minimized when a small, well-chosen mailing list is designed. Many companies send newsletters and progress reports continuously to their best clients in order to retain their business.

The agencies were all in agreement with the statement that direct mail does not have the same problem of readership, recognition, and recall as do the other media. Once direct mail is opened it is usually glanced at.





## Direct Mail Readership

In order to determine the effectiveness of direct mail advertising, the addressees' treatment of direct mail pieces should be discovered. That is, the percentage of people who open, read, recognize, and recall direct mail pieces should be determined.

Direct mail has been accused of being "junk mail". According to this popular myth, direct mail is disregarded unopened.<sup>1</sup> Waldie and Briggs, Chicago, had a study made which set out to determine what happened to direct mail in the office. They wished to know how many of the prospects receiving the mailing discarded it without reading, read and discarded it, filed it for reference or passed it along to an associate. These are their findings:<sup>2</sup>

<u>How did you dispose of this mailing?</u>	<u>Company A Percent</u>	<u>Company B Percent</u>
Discarded without reading	4.5	9.1
Read and discarded	34.8	27.3
Filed for reference	7.6	15.1
Passed along to associate	33.3	24.2

Although this does not show specifically how many many direct mail pieces are opened, it does indicate that at least 42 percent of the mailings must be opened, since a mailing must be opened if it is to be read and discarded or filed for reference.

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<sup>1</sup>The fact that newspapers are used to wrap garbage has incidently not resulted in the term "garbage advertising."

<sup>2</sup>Robert F. Delay, "It can be Done: Let's Put More Science Into Direct Mail," Industrial Marketing, October, 1957; vol. 42, no. 10, p. 50.



R. L. Polk and Company, Detroit, also studied what happened to business direct mail in the office. They investigated what the "First Person" seeing the direct mail piece does with the mailing. These are the results of this study.<sup>1</sup>

Here is What That "First Person Does  
With Mail Advertising:

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Looks it over and passes it on to others	34%
Looks it over and keeps it for reference	12
Looks it over and discards it	33
Passes it on without looking it over	13
Discards it without looking it over	<u>8</u>
	100%

Seventy nine percent of the people seeing the direct mail in the first place open it. Only eight percent of these mailings are discarded unopened.

According to this study, on the second level, the "Second person" to see the advertising handles it thus:<sup>2</sup>

Looks it over and passes it on	12%
Looks it over and keeps it for reference	16
Looks it over and discards it	45
Passes it on without looking it over	0
Discards it without looking it over	<u>27</u>
	100%

Therefore, seventy-three percent of the mail which is passed on is opened and looked over. This means that less than eight percent of the mailings were unopened in this study.

It is also important to know the occupational level of the person handling the direct mail. If the

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<sup>1</sup>John D. Yeck and John T. Macquire, Planning and Creating Better Direct Mail, p. 19 and Lawrence G. Chart, Those Little Golden Lists (Detroit, Michigan; R. L. Polk and Co., 1955).

<sup>2</sup>Ibid.



"First Person" and the "Second Person" were clerical staff and the mailing was directed to the chief executive, the mailing is ineffective. Based on a study carried out by H. Huntly Geddes, Director of Research for R.L. Polk and Company, among truck owners as representing a cross section of American business, Polk discovered that the man of decision -- the man who makes the major decisions -- sees all the mail first in 60 percent of the cases. On the second level the "Man of Decision" sees the advertising in 48 percent of the cases. The occupational level of the "First Person" and "Second Person" were discovered to be.<sup>1</sup>

Occupation level for the "First Person" to see the mail is:

Owner	39%
President, vice-president	10
Manager	16
Clerical	15
Driver, mechanic	17
family member	1
other	<u>2</u>
	100%

Occupational level of the "Second Person" to see the mail is:

Owner	49% <sup>1</sup>
President, vice-president	10
Manager	25
Clerical	5
Driver, mechanic	4
Family member	4
Other	<u>3</u>
	100%

Therefore, as can be seen at least 92 percent of the mailings in this survey were opened and over sixty percent of these mailings were opened by people of the

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<sup>1</sup>Ibid.





managerial level.

The figures given concerning the occupational level and the handling of the direct mail by the "First Person" and the "Second Person" are averages from a series of studies. They reflect the conditions which existed at the time and under the circumstances of that study. Although they are believed to be applicable in a general way to similar conditions elsewhere, it is always dangerous to supply data obtained under one set of conditions to different conditions.<sup>1</sup>

Dickie-Raymond is doing a continuing study on mail advertisings' reception in the business office. Their findings add to the evidence that direct mail advertising aimed at business offices is opened. According to them, in a study which they did for Pitney-Bowes, 84 percent of those surveyed claimed that they see all third class mail addressed to them. Fifty-two percent of those surveyed also claimed that they open all mail and remove all envelopes addressed to them personally. In another study made for Air Express, 86 percent of those surveyed claimed that all third-class mail reaches their desks. Of those who recall the mailing, one-third receive their mail after it has been screened by someone else. In a study done for Air Transport Association of America, 85 percent of the

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<sup>1</sup>In other words, these figures should be regarded only as a general guide. "The Handling of Advertising by Its Recipients" DMAA Research Bulletin, May 11, 1959, vol 1, No. 2 p. 4.

John Yeck and John T. Macquire, Planning and Creating Better Direct Mail, p. 20.



entire group claimed that they see all third class mail. Finally, in a study for Dickie-Raymond Mailing Service, 79 percent of those surveyed claimed that they see all third-class mail addressed to them personally. Of the 21 percent who answered negatively, more than one-third had their mail screened prior to reaching them.<sup>1</sup>

It would, therefore, appear that much of the direct mail advertising directed to business is opened. The mass market can be expected to react differently to direct mail.

The Direct Mail Advertising Associates hired A.C. Nielsen Company to investigate consumer attitudes toward direct mail in 1964. Nielsen designed a projectable sample of 1500 homes which yielded 1460 completed interviews. The results of the study showed that 81 percent of the people open direct mail.<sup>2</sup> In Canada, Maclean-Hunter research Bureau conducted a study of consumer attitudes and discovered that 75 percent of the people open direct mail.<sup>3</sup> The results of these two studies, although they can not be generalized to all direct mail and all addressees, at least indicates that much of the direct mail advertising is opened. The interviews

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<sup>1</sup>"The Effectiveness of Direct Mail as a Pure Advertising Medium", The Reporter of Direct Mail Advertising, April 1957, vol. 79, no. 10, pp. 25-26.

<sup>2</sup>American Association of Advertising Agencies, Direct Mail Advertising.

<sup>3</sup>"Advertising: A Feature Report, "The Financial Post (November 9, 1968), p. A-57.



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conducted with the Edmonton advertising agencies stated that they believed sixty percent of the direct mail sent was opened.

Direct mail has an advantage over the mass media. If the advertisement is opened, it will be seen, as there are no competing advertisements or copy.

In order to be effective, direct mail advertisements must be read or at least glanced at. This means that the readership must be measured in order to determine the effectiveness.

Readership is a measurement of a possibility or a probability that people have looked at the advertisements and the advertisements have created some sort of an impression. When direct mail is aimed at an appropriate list readership scores of less than 40 percent are almost unknown while readership scores of up to 90 percent are possible.<sup>1</sup> Furthermore, direct mail is the only medium which guarantees that in 100 percent of the deliveries at least one person must give the mail some kind of attention.

If a businessman is to stay on top of the newest information in his fields of interest, he must read his mail advertising. Well-adapted mailing lists will bring him such information sooner than he can ordinarily get it otherwise.<sup>2</sup> Therefore, one can expect business direct mail to

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<sup>1</sup>John Yeck and John Maquire, Planning and Creating Better Direct Mail, p. 16.

<sup>2</sup>John Yecks and John Maquire, Planning and Creating Better Direct Mail, p. 18.





be read if the mailing list is appropriate.

The Waldie and Briggs, Chicago, study shows that at least 27 percent of the direct mail directed to an office is read.<sup>1</sup> The Polk studies show that the "First Person" will look at office direct mail in 79 percent of the cases<sup>2</sup> while the "Second Person" looks at the direct mail in 73 percent of the cases.<sup>3</sup>

A.C. Nielsen in a study for the Direct Mail Advertising Association<sup>4</sup> discovered that 75 percent of all direct mail is read. Furthermore, 57 percent of the people receiving direct mail purchase products or services at least occasionally as a result of direct mail.<sup>5</sup>

These figures were all derived in the American market and appear rather high for readership scores. Although these readership scores do not indicate how thoroughly the mailing is read, chances are that the Polk figures largely represent cases of opening and glancing at the direct mail advertisement.

The Maclean-Hunter Research Bureau made a study of readership in Canada and determined that 30 percent of the people receiving direct mail opened and read it

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<sup>1</sup>See supra p.132 .

<sup>2</sup>See supra p.133 .

<sup>3</sup>See supra p.133 .

<sup>4</sup>See supra p.136 .

<sup>5</sup>American Association of Advertising Agencies,  
Direct Mail Advertising.





thoroughly, while 45 percent of the addresses opened and glanced at the advertisement. The other twenty-five percent discarded direct mail, unopened.<sup>1</sup>

The Edmonton Advertising agencies had to be pressed in order to get them to commit themselves to a readership figure. Those agencies which did commit themselves indicated that approximately 20 percent of those people receiving direct mail read it thoroughly, 40 percent opened and merely glanced at it, and 40 percent discarded it unopened, after glancing at the envelope. They had performed no studies which would substantiate their figures. However, the Maclean-Hunter figures are close to these estimates except that Maclean-Hunter indicated that only 20 percent of direct mail was discarded unopened.<sup>2</sup>

Harry Deines of J. Walter Thompson Company made a six year study of direct mail pieces. Each individual study was made 2 weeks after the mailings were sent out. In a study which he did for the Direct Mail Advertising Association, over the course of a year, he discovered that 20 percent of those people receiving the association's mailings read it thoroughly while 70 percent read some of it. These figures and those of Maclean-Hunter and the

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<sup>1</sup>"Advertising: A Feature Report", The Financial Post (Nov. 9, 1968) p. A-57.

<sup>2</sup>"Advertising: A Feature Report", The Financial Post, Nov. 9, 1968, p. A-57.



Edmonton Advertising agencies are probably the most representative of what happens to direct mail in general.<sup>1</sup>

Mr. Rip Gauthier reports, however, that in studies conducted by Daniel Starch on a series of direct mail programmes in the United States where the percentage of the total amount of copy that was "completely read", "read most", and "partially read" was measured, the "read most" category, which is the standard advertising measurement was much higher on the average for the direct mail programme studied than it was on a series of published advertisements.<sup>2</sup>

It is probably safe to conclude that direct mail advertisements have a high readership rate when the mailing is directed at a specific target market. Mass mailings probably have a very low readership and high unopened-discard rate.

In order to be effective, direct mailings must be recalled or at least recognized at a later date. All evidence seems to indicate that direct mail has a very high recall and recognition rate. The Edmonton advertising agencies state that the recall and recognition for direct mail is probably higher than for any other medium. They say that approximately 60 percent of those people reading

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<sup>1</sup>Richard S. Hodgson, Direct Mail and Mail Order Handbook, p. 187.

<sup>2</sup>Mr. Rip I. Gauthier, Vice-President, Herbert A. Watts (Quebec) Limited. These figures are not published and are unavailable.



or glancing at direct mail will be able to recall the dealer's name and the product advertised at a later date.

Harry Deines discovered that 67 percent of the people who had glanced at or read the association mailing could recall the letter two weeks later.<sup>1</sup> In a study which he conducted for an oil company 81 percent of the readers recalled the letter while 67 percent recalled the dealer's name. Thirty-four percent of the receivers of direct mail, in a study of a paint company's mailing, recalled the letter. A kitchen equipment mailing had a reader recall of 66 percent and 40 percent recalled the dealer's name. In all cases, more women recalled the advertisements than men.<sup>2</sup>

Although, these figures should not be accepted without reservation, it is probably true that direct mail is recalled more often than advertisements in any other media. First of all, there are not competing advertisements and the mailing piece will have the reader's undivided attention, and secondly, if the mailing is to a selected "prospect" he will be interested in the advertisement and its message.

#### Audience Characteristics

The effectiveness of direct mail is determined by how many of the right kind of people see, read and act

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<sup>1</sup>See supra p.139 .

<sup>2</sup>Richard S. Hodgson, Direct Mail and Mail Order Handbook, p. 187.





upon the advertisement. That is, the type of audience which a particular medium will reach will determine that medium's effectiveness.

Almost every medium has carved itself a market segment and is useful to the advertiser in reaching only that market segment. There are women's magazines, men's magazines, sport enthusiast's magazines, trade magazines; newspapers with liberal leanings, newspapers with conservative leanings; and radio and television stations which appeal to teenagers or adults, or rich people, or poor people.

Direct mail does not have this problem. Mailing lists may be rented, bought, or designed and segregated into particular categories which are then matched to particular promotion programmes. It is possible to get mailing lists of all the owners of three year old Cadillacs, all the undertakers in Saskatchewan, all the Industrial Science Teachers in Canada, all males over sixty of French descent, or any other particular grouping which is desired.

Direct mail can reach audiences of any composition or size. However, it is not any better than the mass media in reaching the mass market. The particular promotion piece must be designed for the particular mailing list and "prospect" market.



## The Costs of Direct Mail

Probably one of the most important considerations in choosing a medium to deliver an advertising message is its cost. The cost of delivering the message is not the important consideration; the cost per response is the determining factor. Advertisers can advertise very cheaply in the *Atlavic Gassette* but this will do them little good if they are trying to sell bikini bathing suits. The message must be delivered to the right market. Even if the message is delivered to the right market for a reasonable price, this does not mean that the medium is effective. The advertiser wants the prospects to respond to the advertisement by buying his product. The cost per message delivered may be low, but in order for the cost per response to be low the advertiser must see the advertisement, read it, and respond to it. The cost per response is, therefore, the determining factor.

There are many costs involved in direct mail advertising, all of which tend to make it a fairly expensive medium per advertisement delivered. The cost of direct mail advertising is directly related to the amount of creative development time applied to the package: the preparation, artwork, plates, printing, collection, envelopes, list rental or designing, labelling, packaging, the number of tests conducted and, of course, the postage-outgoing and guaranteed return postage.<sup>1</sup>

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<sup>1</sup>This information was collected in this survey from the various advertising agencies contacted.



However, all the other media have costs which compare with these.

The reason that direct mail is expensive per advertisement delivered is that the advertisements usually reach fewer people than do the mass media advertisements. The total campaign cost cannot be spread over a great number of receivers.

The sample units estimated that the average cost of the direct mail programmes presently being conducted in Canada is one hundred and twenty-five dollars per thousand pieces of mail. However, direct mail pieces can range in cost from less than one cent per piece, in the case of bill stuffers which hitch a free ride, to more than twenty dollars per piece, in the case of elaborately designed mailings sent to a select audience.

All the costs in radio and newspaper advertising may be spread. Space and time may be bought in bulk and spread over the entire circulation. However, direct mail advertising has a constant cost. All pieces going through the mail must bear a stamp. This cost can not be spread over the entire mailing as it is a constant cost for each piece sent out.

Direct mail does have a higher response and sale rate than do the other media.<sup>1</sup> Even the oil companies which do mass direct mail advertising<sup>2</sup> find this the most

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<sup>1</sup>See supra p. 128

<sup>2</sup>The only thing that the receivers of direct mail from an oil company have in common is a credit card.





inexpensive medium per response.

One of the larger oil companies reporting on what they considered to be a representative credit card merchandize mailing stated that direct mail was the cheapest media per response. This oil company mailed 900,000 pieces to credit card holders offering a radio at a price below that offered by most major department stores. The mailing cost them \$175,000 or approximately 20 cents per unit. The cost per single advertisement delivered was much higher than it would have cost to deliver this message in any other media. Advertising can be delivered on a national television show for \$175,000 to a larger audience than 900,000 people. The return to this mailing was only 4 percent. That is, 36,000 people bought the radios. The cost per response was \$4.86. The oil companies then bought the radios in bulk and sold them at \$8.00 over the wholesale price. Each response, thereby, resulted in a profit of \$3.14 which is not bad for a Company that is not in the radio business. Furthermore, the oil company estimated that their oil and gas sales were increased by 5 percent per year as a result of this and similar direct mail programmes. The oil company considered direct mail as the most effective and cheapest medium per response for this purpose, i.e. reactivating credit card customers.





This is substantiated by the experience of a small book publisher<sup>1</sup> who mailed 5,000 direct mail pieces to a carefully chosen and selected market. These mailings cost \$2,987 or approximately 60 cents per unit. The response rate was only 10 percent, i.e. 500 people responded. The cost per response was \$5.98. However, the subscription rate is \$11 for two years and the company made \$6.02 per sale.

No other medium would have served the purpose of these two companies. Their market was spread throughout the country and their clients had little in common. Direct mail was the only medium which could successfully reach the market in a single shot effort and motivate the prospects to act. In the opinion of these two companies, no other medium could have reached prospects who had a variety of interests and only one thing in common.<sup>2</sup>

Because of its variety of forms, direct mail can be fitted to almost any advertisers' budget if a suitable mailing list can be found. The important thing to remember is that the more carefully a mailing list is chosen, the greater the response will be, and the lower the cost per response.

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<sup>1</sup>They believe that this is a representative sample of their direct mail programmes.

<sup>2</sup>The publishing company prospects all read a competitors edition.



The sample units agreed that direct mail was probably the cheapest medium per response generated when it was used to contact specific target markets for the purposes outlined in chapter five.<sup>1</sup>

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<sup>1</sup>See supra p. 82.



## CHAPTER VII

### ATTITUDES AND ACTIONS TOWARD

### DIRECT MAIL ADVERTISING

Despite the impact of advertising on our daily lives, and the wide spread criticism of advertising, little serious research has been conducted on what the public actually thinks of it.<sup>1</sup> The publics' actual attitudes toward direct mail advertising and the reasons for these attitudes are largely unknown. Outspoken public comment is often taken as an expression of everyone's actual reaction to mail advertisements.

The expression "junk mail" is often used in referring to mail advertisements. This statement seems to imply an unfavourable public reaction toward mail advertisements and a low opinion of its effectiveness. However, as has been shown, direct mail is at least as effective as the other media. Direct mail is not thrown away largely unopened.<sup>2</sup>

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<sup>1</sup>Raymond A. Bauer and Stephen A. Groyser, Advertising in America (Soldiers Field, Boston, Mass: Division of Research, Harvard Business School, 1968), abstract.

<sup>2</sup>See supra p. 137.





There have been several studies done in Canada and the United States concerning the public's reaction to direct mail. R. L. Polk and Company, Detroit, give these statistics from Polk's research:<sup>1</sup>

Like to receive	38%
Don't care much one way or the other	49
Dislike to receive	13

Only 13 percent of the receivers of direct mail dislike receiving it while 38 percent like to receive it.<sup>2</sup> These results are confirmed by a study which A.C. Nielsen made.<sup>3</sup> Nielsen learned that only 15 percent claim that they do not like direct mail and at least a third of this group did not like to receive any mail. It was also discovered that consumers are not flooded with direct mail. The average household in the United States received 6.5 pieces of direct mail per week in 1964. This is less than one direct mail piece per day.<sup>4</sup> Although, there have been no published studies in Canada concerning the number of direct mail pieces received per day, it is generally accepted that Canadians receive fewer pieces per week than did Americans in 1964.

The Maclean-Hunter Research Bureau also studied attitudes and reactions toward mail advertising. They discovered that 28 percent of the people dislike receiving

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<sup>1</sup>"The Handling of Advertising by Its Recipients"  
DMAA Research Bulletin, May 11, 1958, vol. 1, No. 2, p.5

<sup>2</sup>This study was conducted in 1955 and the situation could have changed.

<sup>3</sup>See supra p.136,138.

<sup>4</sup>American Association of Advertising Agencies, Direct Mail Advertising.



any direct mail, while 27 percent liked to receive direct mail. Eleven percent of those interviewed indicated that their attitude varied with the individual mailing piece much as did their attitude toward television advertising, while 34 percent said that they did not care one way or the other. The remaining 5 percent said that did not receive any direct mail.<sup>1</sup>

These studies seem to indicate that the majority of the people do not mind receiving direct mail and that many even like receiving direct mail pieces.

Dr. Sidney Levy, the psychologist research director of Social Research Incorporated, reporting on the findings of a motivational research study which was conducted by his organization, stated that people do not consider mail that they like as direct mail at all. Any mailing which appeals to them is considered personal correspondence and not an advertisement.<sup>2</sup> That is, when the advertiser has chosen the mailing list properly and directed the advertising at people who are highly interested in the availability of the product or service, the addressee looks upon the mailing more as a source of worthwhile information than as an advertisement.

Dr. Sidney Levy also theorized that the reason both direct mail and salesmen are disliked by some members

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<sup>1</sup>"Advertising: A Feature Report", The Financial Post, Nov. 9, 1968, p. A-58.

<sup>2</sup>R.S. Hodgson, Direct Mail and Mail Order Handbook, p. 25.



of the public is because they force the receiver to make a decision. The receiver is involved and must act in some way, he can not avoid the situation. People dislike being forced to make a decision.<sup>1</sup>

This dislike is, therefore, not as serious a matter as that which meets other forms of advertising where the message can be completely ignored and no action of any type need be taken.

The Edmonton advertising agencies shared a more pessimistic view of direct mail. They believed that at least 50 percent of the people were annoyed by direct mail advertising. However, they admitted the majority of the mail advertising done in Edmonton was not directed at a highly selected target market, but at names selected from Henderson's directory or the telephone book. These mailings were probably treated as "junk mail".

Although complaints are heard generally about direct mail advertising, the advertisers receive very few negative or derogatory replies to their mailings. Television advertising can not even claim this as many commercials are considered poor and the television station or the advertiser is informed of this. The majority of the advertisers interviewed in this study said that they had never received any negative replies to their mailings, although they considered the lack of a reply as negative

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<sup>1</sup>R.S. Hodgeson, Direct Mail and Mail Order Handbook, p. 25.





enough. However, Ontario Hydro which advertises product information by way of bill stuffers, did get one complaint out of 700,000 mailings last year.

Although direct mail advertising does annoy some people, many people also object to radio commercials, television commercials, and all other forms of advertising. This hardly warrants the curtailing or elimination of advertising.

More studies are needed before any conclusions can be drawn concerning the consumer's reaction to direct mail and the effect which mail advertising has on getting people to buy. It would be fairly safe to conclude, however, that a minority of the population is violently opposed to direct mail advertising.

### Biases

There are many problems which arise in analyzing the data collected in a survey. If these problems are not avoided or at least minimized, the survey results may be misinterpreted.

However, sample results do not have to be accepted in the raw and on their own. When adequate provision is made to collect collateral detail, this detail can be used to correct imbalance of representation, or to signify major factors affecting universe structure which





require further investigation or analysis.<sup>1</sup> Three different populations of interest have been surveyed for almost all of the data collected. This means that errors in one population of interest are counter-balanced by errors in the other populations of interest. Outside studies have been used either to substantiate or to point out differences in the data obtained while recommendations for further analysis have been made where the present study was sketchy.

Often, the only information needed from the samples chosen was an indication of a trend. A very biased sample, one of known bias, will yield adequate information of this kind as readily, and in this case more readily, than a truly representative design.<sup>2</sup> Because the advertiser and agency samples chosen are in some cases not representative of the universe of advertisers, the results of this survey may be questioned. However, the bias is known. The sample units chosen were chosen because they were in a position to know the most about direct mail advertising, not because they were representative of the universe of direct mail advertisers and agencies. Therefore, as long as the data is interpreted in this light and not as representative for the entire universe, the conclusions will be useful.

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<sup>1</sup>Chester R. Wasson, The Strategy of Marketing Research (New York: Appleton-Century Crofts, 1964), p. 231.

<sup>2</sup>Ibid, p. 232.



There are also several other errors which can enter the interpretation of data. The collected data may be misunderstood. This would seriously affect the study. However, it is unlikely that the collected data was misunderstood in this study. First of all, a thorough background in direct mail advertising was gained by reading the various books and periodicals published in this area. The Edmonton advertising agencies and several Edmonton advertisers were then personally interviewed. Each detail was followed up by personal questioning until the questions and answers themselves were understood. Mail questionnaires were then sent to associations, advertisers, and agencies outside of Edmonton. When the results for the three populations of interest differed substantially, follow up letters were mailed. The results of other studies were also used to back up the information collected. This method also rules out the possibility of misinterpreting the comments of the responding units.

It should, therefore, be concluded that there is little misinterpretation of data. However, the results are not completely accurate in all cases as much more information and research is needed. Many of the sample units recommended further study. However, the results do indicate the trend and the general effectiveness of direct mail.



## PART III

### CONCLUSIONS AND RECOMMENDATIONS





## CHAPTER 8

### THE DIRECT MAIL MEDIUM

The customer is of paramount importance in the selection of a marketing strategy. Once the target market (or markets) has (have) been chosen, the marketing manager must balance the marketing mix in order to satisfy this market (or these markets).<sup>1</sup>

The marketing mix includes four basic variables which must be matched to the target market in order to appeal to it. First, the product or service must be right for the potential consumers. The right product line must be offered to the right people. Second, this product must be offered to the right people at the right time and place. The product is not much good to a customer if it is not available when and where he wants it. Third, the marketing manager must offer the right product at the right time and place to the target market at the right price. This price must be one which will make the seller's

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<sup>1</sup>E. Jerome McCarthy, Basic Marketing: A Managerial Approach (Homewood, Illinois: Richard D. Irwin, Inc., revised edition, 1964), p. 35.

Each target market may require a different marketing mix.



total marketing mix attractive. However, just because the right price to move the right product to the right place is determined, the product still may not sell. Manufacturing the best product in the world for a particular market and offering this product at the most appealing price and place does not ensure that the people who would use this product will beat a path to the manufacturer's door. They must be persuaded to buy this product rather than other competing brands; their buying priorities must be changed so that this product is at the top of their list, all of the product's merits must be shown to them; and they must be reminded of the fact that the product is available at a fair price at the most convenient place. In short, the product must be promoted. The final variable of the marketing mix is, therefore, promotion.

Advertising is usually the method used; although personal selling, sales promotion, and publicity can also be used to inform, persuade, and remind the target market. Even if the other methods are predominately used there will still be a need for advertising of some sort.

In order to most appropriately advertise the product or service offered, the proper advertising message must appear in the right media for that product, message, target market, and advertising budget.

Advertising has an immense job to do. It must introduce new products, re-sell familiar ones, build up



corporate images, convince distributors and dealers, pave the road for personal sales, and solve a great many other problems which professional people and the consuming public are faced with every day of their lives. To imply that any one type of medium is superior to any or all others for every one of these purposes is irrational.

Illustration 2 depicts the four variables of the marketing mix and their focal point, the consumer or target market. Three of the variables (product, price, and place) are shown as fixed while the fourth, promotion, is broken down into its various components. For the purposes of this diagram it is to be assumed that the product, the price, the place of distribution, and the personal selling, sales promotion, and publicity (the product package) have been matched to the target market. All that remains is to select the right medium and advertising message for the target market and other marketing mix variables.

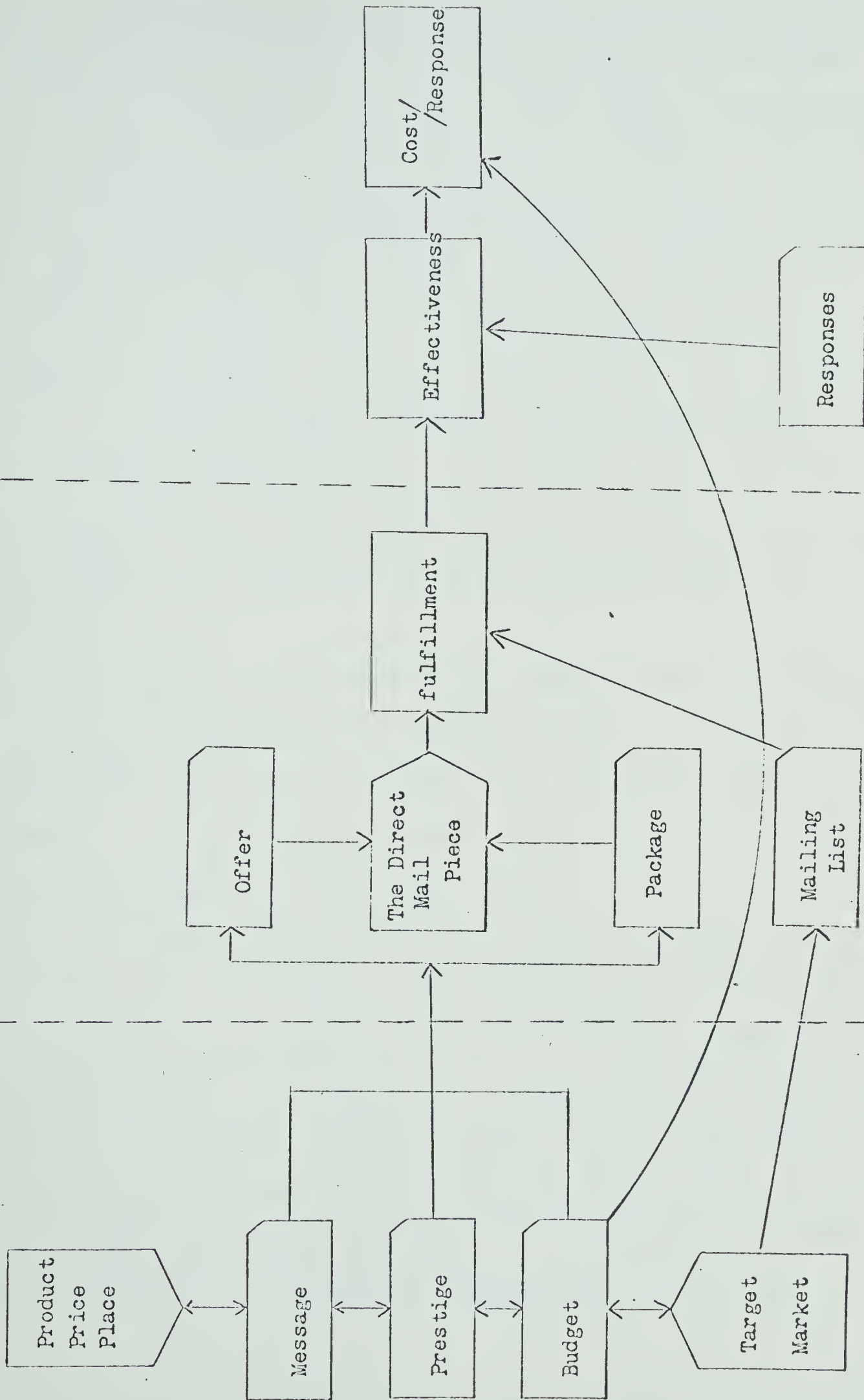
There are five items which will affect the advertising manager's choice of a medium. The medium must be the best bridge between the advertiser and consumer for the particular product package being offered. The first factor is, therefore, the suitability of the medium to the product package. Secondly, the medium must be one that is considered truthful. Certain media are more appropriate in reaching certain market segments and are considered more creditable or believable than are



Promotion Media  
Determinants

Direct Mail Elements

Value of Direct Mail







others. True Confessions would hardly carry messages concerning computer equipment and even if it did the message would have a low persuasive value as the story content does not add creditability or prestige to the message. A third factor which the advertising manager must consider is, therefore, the prestige of the medium. Does it add to the believability of the message? What are the addressees' reactions to the medium? What do they think of the medium?

A fourth factor which the advertising manager must consider is the message to be carried. Is the message a general one which points out the availability of the products or a specific one delivering detailed information?

Finally, the advertising manager must consider the cost of advertising through the medium. Possibly certain media are more economical for the same effectiveness. The advertising manager should know which media will get responses at the lowest costs.

Direct mail will deliver certain messages better than will the other media. The advertisers, agencies and associations have indicated that direct mail is especially preferred to the other media for the purposes of delivering detailed information, obtaining sales leads, soliciting inquiries, initiating buying habits, getting orders or sales, announcing new products, and announcing price and address changes to a specific target market where the



individuals can be identified and located and are interested in the product.

It is a myth that all mail advertising is junk mail, although it is commonly referred to as such. Consumers are not flooded with direct mail, they read a higher percentage of direct mail advertisements than any other mail. In fact, direct mail probably offers more prestige than does any other advertising medium when it is used to deliver the proper messages to the right market.

Direct mail is a pinpoint medium and allows the advertiser to deliver his appeal to a pre-selected individual. This reduces coverage wastage and decreases the cost per response. Although direct mail is one of the more expensive media in cost per message delivered, it is one of the least expensive of the media in cost per response obtained.

Just as newspapers are unchallenged for reaching people of a given city and the trade press is superior for delivering messages to those people who work in a specific industry, direct mail is unmatched in its ability to reach groups of individuals who have some characteristic in common. No other medium exists which allows the advertiser to speak directly to, and only to, people of a given income level, nationality, trade, educational level, or whatever other classification he so desires.



If the advertiser wishes to speak to certain individuals, direct mail is the best medium. The advertising manager should use the direct mail medium if the product package, the message to be delivered, the prestige desired, and the cost per response is right for the target market and the medium.

There are four basic elements which are essential to all direct mail campaigns in order to make these campaigns a success. The first is the preparation of a proper mailing list. Much of the direct mail advertising which is done is correctly termed junk mail because of the lack of work in the preparation and maintenance of the mailing list. Direct mail pieces which are sent to pre-selected individuals are treated very favorably on the other hand. The term "direct marketing" is being increasingly used in referring to the effective direct mail advertisements, that is, those where proper mailing lists are used; while the term "junk mail" labels all that advertising which is misdirected by those unknowing souls who believe that anyone can prepare direct mail pieces. There are many good sources from which to obtain an excellent mailing list. In all cases, it must be remembered that the mailing list should include only those people who are likely to be interested in the product. That is, characteristics of buyers or potential buyers should be noted and lists of people with these characteristics should be compiled.





The third element of a direct mail piece is the package. Direct mail can take many different forms, sizes, and messages. In fact, the direct mail package used is only limited by the designer's ingenuity, the advertiser's budget, and postal regulations, unlike any other media where there are production, time, and space limitations.. Direct mail is constantly changing its forms. However, much work is needed to discover the most effective packages.

The final element of a direct mailing is the fulfillment of the campaign. That is, the pieces must be mailed and follow up mailings should be used where necessary. Even salesmen can not always sell a product in one interview.

The results of direct mailings should also be tested. This will help to eliminate unresponsive addressees from the list and discover the characteristics of responsive addressees. Certain direct mail packages receive higher response rates and these should be identified and the information utilized. The cost per response and the effectiveness of every direct mail campaign should be calculated. Only by doing this will the advertiser know whether he has made a good investment.

### Agency Advertising

The advertising agency is in a position to analyse all of the advertising media. This means that one could expect them to know and to use the medium which is



most suited to their purposes for promoting themselves.

In a study of the Edmonton advertising agencies, it was discovered that 85 percent of the agencies found direct mail more suited to their needs than newspapers, radios, television, or outdoor advertising. This indicates that the agencies find direct mail a very effective medium.

TABLE 14

MEDIA USED BY ADVERTISING AGENCIES

	<u>Percentage</u>
Newspapers	0
Radio	0
Television	0
Outdoor	0
Direct mail	85
Word of Mouth	57
Yellow Pages	100

Source: Edmonton advertising agencies.



## CHAPTER 9

### CONCLUSIONS AND RECOMMENDATIONS

Direct mail advertising is rightly categorized as a separate advertising media. It is a medium in its own right and requires specialized creative treatment. Direct mail advertising can be used as a supportive medium or entirely on its own just as can any of the other media.

Most agencies are not direct mail oriented because there exists a lack of information about this medium as well as a lack of trained personal. However, the use of direct mailing is increasing each year by at least 10 percent. Direct mail ranks consistently as the third or fourth most used medium in both Canada and the United States.

The role that direct mail plays in a campaign depends on the advertising message to be carried and the target market it is to be delivered to. If the purpose of the campaign is to reach a definite known market segment with a message of detailed information, it is



almost certain that direct mail should be used. However, if the purpose is to communicate general information to the mass market or improve a corporation image, direct mail should not be used at all.

Direct mail has certain advantages which make it highly suitable for certain types of campaigns. Direct mail is selective, flexible, personal and specific, private, has a wide variety of forms, lacks distracting elements, can provide a minimum of wasted circulation, and can be sent to the addressee's most receptive address. This medium should be used when any of the above purposes or advantages are important to the campaign and should be avoided when any of its disadvantages are the central theme of the campaign.

Probably the most important aspect of direct mail advertising, however, is its ability to move "prospects" from the unawareness stage to the awareness and knowledge stages - If "prospects" are not informed of a products' (or services') existence and advantages, there will be no sales. Direct mail's main advantage is that it can move potential customers through these initial stages more successfully than other media (if it is indeed sent to "prospects" and not "suspects") due to its ability to deliver detailed information in attractive forms to pinpoint audiences. Firms which have products in their introductory stages should capitalize on this.





The first form of advertising which a firm will use will probably be the direct mail, but no matter how large it becomes direct mail will still be one of the advertising media it uses. National firms do not use the direct mail medium any more extensively than do small local firms, but businesses advertising to a select clientele use this medium more than do mass advertisers.

Probably the most important determinator of the effectiveness of a direct mail campaign is the accuracy of the mailing list. There are many mailing list sources, but it should be remembered at all times that the mailing is to go to "prospects" and not "suspects". The characteristics of buyers should be discovered and these should be used in compiling mailing lists.

Almost 500 million dollars worth of direct mail advertising (including creative effort) was done in Canada in 1968. This produced 35 million dollars in postage revenue. A pound of third class mail costs the mailer from five to eight times as much as a pound of advertising sent by second class in the pages of a newspaper. Direct mail advertising probably does more to pay its own way than any other medium. On the average, at least 10 percent of the advertiser's advertising budget is spent on direct mail advertising. However, much of the direct mail advertising being done is junk mail and the money spent is wasted. The fact that there is so much junk mail advertising is



probably traceable to the idea that anyone can handle direct mail advertising. This results in direct mail campaigns where there are serious weaknesses in planning, or mailing lists, or offer, or package, or market research, or follow up.

However, direct mail is a very effective medium when it is used for the purposes indicated. It is read and recalled, people do not mind receiving it, and people are not flooded with it.

Direct mail advertising is probably the only medium where the advertiser can choose and control the circulation in order to reach markets of any size and composition. The advertiser creates and is responsible for the whole vehicle, which is never the case with the other media.

Although direct mail advertising is very expensive in cost per thousand messages delivered, it is relatively inexpensive in cost per response received. The advertiser can determine the cost per response which he can afford and through increasing or decreasing his mailing, thoroughly checking and selecting the individuals on the list, and using the least or most expensive direct mail form, he can control his costs.

It may, therefore, be concluded that direct mail advertising is effective. However, this does not mean that the increasing use of direct mail is warranted.



Much of the direct mail advertising presently being done is wasted. The increasing postal rates will probably cut down on the amount of junk mailing as more research will be needed to meet costs.

All direct mail is not junk mail. The advertisers which use this medium generally tend to be the same advertisers who use the other media. What they send by mail is not junk any more than is what they send by the other media.

#### RECOMMENDATIONS

Direct mail tends to meet the need of advertising to a restricted list of people or to people of a restricted area and is more suited to advertising specialized products than products of general use. Although this medium is extremely effective for these and other purposes, it needs many improvements.

Much of the direct mail advertising which is being done is junk advertising. This is directly traceable to the prevalent idea that anyone can produce direct mail, which is not true. Advertisers should hire specialists for the direct mail field just as they do for any other type of advertising. The personal in charge of direct mail needs specialized training and experience in order to handle this medium. It is not similar to the other media and should not be handled as if it were.





Direct mail is often said to be a good testing ground for advertisements which are to eventually appear in the other media. This is not true. Direct mail is a unique medium and messages which prove successful in it will not necessarily be successful in any other medium, or vice versa. Much of the direct mail which is termed "junk mail" is composed of test advertisements.

Every medium is superior in certain fields and is inferior in other fields. Direct mail should be used for its advantages and not to flood a market. Many of the tasks set for the direct mail medium are not tasks which direct mail excels in. Direct mail used for purposes other than that which it was designed for is "junk mail".

Direct mail advertising should not generally be directed at the mass market. It is a pinpoint medium and should be used as such. When it is used for any other purpose, it is "junk mail".

More research should go in to the compilation of the mailing list. This is the heart of the direct mail campaign and determines the success or failure of the campaign. The fact that much of the direct mailings go to the wrong people causes many people to think of direct mail as "junk mail".

Many small companies can not afford the time or the money to design their own mailing lists, and good mailing lists are needed to ensure the survival of this



effective medium. An opportunity for many non-competing businesses exists here. Customer lists can be sold to non-competing firms for a small profit. More mailing list compilation agencies are also required.

Agencies would do a better job of researching their mailing lists if the method of agency compensation was switched from the commission to the fee method. The commission method does not allow the agency a suitable profit and they, therefore, often neglect the necessary mailing list research.

Advertisers will have to patrol and control direct mail advertising if they wish it to survive. A public outcry could bring about stiff government regulations. The amount of junk mail advertising being done must be decreased. The increase in postal rates reduced some of the junk advertising and possibly another increase should be used to further reduce the junk mailing. However, direct mail advertisers could insist that all direct mail advertising being done must bear the stamp of approval of the Canadian Direct Mail Association. Standard Rates and Data Services, which exist in the other advertising fields, should be implemented in the direct mail field. In this way, advertisers would be able to discover which are the most effective media for certain purposes.

However, probably the most effective method of eliminating junk mail remains with the advertisers them-



selves. If the advertisers researched the effectiveness of their various campaigns, they would soon discover which investments had the highest pay off.

### Recommendations for Further Study

All of the other media have commissioned research and use these findings to advance the case of their medium. The direct mail medium has not yet done this, although the Canadian Direct Mail Association plans to finish such a study by 1974.

There are many areas which must be studied in direct mail advertising to advance the cause of this medium and improve its quality. Audience statistics, readership data, cost comparisons, reach, and frequency information must be gathered. The various forms of direct mail must be tested in order to discover which are the most effective and believable.

Addressee behavior must be examined. Do the addressees like to receive direct mail? Do they find it useful? Do they read it? Are they motivated by it? What type of incentives do they respond most readily to? Are incentives required? When is the best time to advertise a product or service through the direct mails?

Much research is yet needed in this field. The value of computerized letters, personalized letters, and co-op mailing must be discovered. Buyer's characteristics must be studied and these must be matched with their willingness to respond to direct mail advertising.





Probably, the most effective way of gathering this information would be through individual case studies of various direct mail campaigns from beginning to end. Only when enough case studies have been done and published, will an understanding of direct mail develop.

### Biases

All of the biases incorporated in each step of a survey will affect the conclusions and recommendations. The conclusions and recommendations are often wrong as a result of errors made elsewhere in the survey. However, new biases can also enter a study in drawing the conclusions and making recommendations. The surveyor may misinterpret the data and conclude wrongly.

Three populations of interest were studied separately at both the local and the national levels. The results of other surveys and the comments of recognized practitioners in the field were also used. The conclusions and recommendations are based on all of these sources and are not as subject to one individual's misinterpretation as would a single survey into one population of interest. The conclusions are, therefore, accurate as far as this study goes.





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## APPENDIXES



## APPENDIX I

### SAMPLE LISTS

#### Edmonton Advertising Agency Yellow Page List

<u>Yellow Page List</u>	<u>Edmonton Population of Interest</u>	<u>Does not do Direct Mail Advertising</u>	<u>Not in Advertis- ing Agency</u>	<u>Out of Business</u>
Match Wm. Advertising	x			
Office Overload			x	
A B Advertising Agencies				x
Alberta Transport Credit Bureau			x	
Centennial Business Finance			x	
Evans Marketing Corp.	x			
Francis Williams & Johnson		x		
Goodwin Ellis	x			
Goodis Golberg	x			
Homersham A D R				x
Huff William Art Studios		x		
Kerr Walter and Associations	x			
Lovick James Ltd.	x			



	<u>Edmonton Population of Interest</u>	<u>Does not do Direct Mail Advertising</u>	<u>Not in Advertis- ing Agencies</u>	<u>Out of Business</u>
McConnell Eastman Ltd	x			
Morie J M		x		
Nightingale Bert		x		
Smith & Smith Associates	x			
Strang J Wally Public Relations		x		

### Advertising Agency Population of Interest

<u>Agencies</u>	<u>Units</u>	<u>Sampled</u>
1. Evans Marketing Corp. Ltd.	Bob Evans	x
2. Goodis, Goldberg, Soren Ltd.	Mr. Pigon	x
3. Goodwin-Ellis Adv. Ltd.	Mr. Austin	x
4. Smith and Smith Associates	Shirley Smith	x
5. McConnell Eastman Ltd.	Mr. Ryan	x
6. Lovick James Ltd.	Mr. Petty	x
7. Kerr Walter and Associates Ltd.	Irene Ray	x
8. April E. Martin Associates	Miss A.E. Martin	x
9. Canadian Mailings Ltd.	Mr. Morris	x
10. Foote, Cone, & Belding Adv. Ltd.	Mr. Bradshaw	x
11. Keith Garrett Ltd.	Miss Thompson	x
12. Grants Direct By Mail	Mr. Keyes	x
13. Hailing Marketing Services	Mr. Batty	x





<u>Agencies</u>	<u>Units</u>	<u>Sampled</u>
14. Heillig, Suggitt, and Beaney Ltd.	Mr. Heillig	x
15. John Lovell and Son Ltd.	Mr. Lovell	
16. MacLaren Adv. Co. Ltd.	Mr. McAidle	
17. Markus Industries Ltd.	Mr. Markus	x
18. Might Directories Ltd.	Mr. Vokes	x
19. R. L. Polk Company	Mr. Dickson	
20. R. L. Polk(Canada)+Ltd.	Mr. Cathcart	x
21. Postal Promotions	Mr. Heather	
22. Sanford Evans Services Ltd.	Mr. Turner	
23. Peter Shugart	Mr. Shugart	
24. Southam Murray	Mr. Purves	
25. Herbert A. Watts (Quebec) Ltd.	Mr. Gauthier	x
26. Herbert A. Watts Ltd.	Mr. Swanton	x
27. Worthington Mailing List of Canada	Mr. Sherman	
28. Cockfield Brown & Co. Ltd.	Mr. Churchill	
29. McClelland & Stewart Ltd.	Mr. Sackheim	
30. Hatch Wm. Adv.	Mr. W. Hatch	x
31. Vickers and Benson Ltd.	Acct. Executive	x
32. Maclean Hunter Direct Mail Services	Mr. Johnson	x
33. Mail Sales	Acct. Executive	x



## Advertiser Population of Interest

<u>Advertiser</u>	<u>Unit</u>	<u>Sampled</u>
1. Abitibi Provincial Paper Ltd.	Mr. Rayson	
2. Ambassador Leather Good	Mr. Silver	
3. Apex Press Ltd.	Mr. Shulemson	
4. Barber Ellis Canada Ltd.	Mr. Nelson	
5. Buntin Reid Paper Co. Ltd.	Mr. Bowan	
6. The Business Quarterly	Mr. Foryon	x
7. Canada Envelope Company	Mr. Sleeth	
8. Canada Paper "Wholesale" ltd.	Mr. Brophy	x
9. Canada Book Club Centre	Mr. Spilka	
10. Capital Record Club	Mr. Block	
11. Ciba Company Ltd.	Mr. Ruppel	
12. Coast Paper Ltd.	Mr. Garnett	
13. Columbia Record Club	Mr. Rich	x
14. Columbia Records of Canada Ltd.	Mr. Westwood	
15. The Commercial Travellers' Assoc.	Mr. Proctor	
16. W. V. Dawson Ltd.	Mr. Phillipe	
17. Heath Company	Mr. Baldwin	x
18. Denco McLean Co. Ltd.	Mr. McCullough	
19. Dominion Book Guild	Mr. Block	
20. Domtar Pulp & Paper Ltd.	Mr. Baker	
21. Doubleday Canada Ltd.	Mr. Hovercroft	x
22. The T. Eaton Co. Ltd.	Mr. Hall	
23. Evergreen Press Ltd.	Mr. McGrachen	
24. Financial Times of Canada	Mr. Forsyth	x
25. Fine Papers London Ltd.	Mr. Mortley	



<u>Advertiser</u>	<u>Unit</u>	<u>Sampled</u>
26. General Printers Co. Ltd.	Mr. Parket	
27. Globe Envelopes Ltd.	Mr. Hopkinson	
28. Grolier Enterprises	Mr. Stark	
29. Grolier Ltd.	Mr. Lavoie	x
30. Keylitho Ltd.	Mr. Keubler	
31. Kruger Pulp & Paper Ltd.	Mr. Gutteridge	
32. Litho-Print Ltd.	Mr. Redwood	
33. Longiner Symphonette of Canada	Mr. Katz	
34. O. E. McIntyre of Canada Ltd.	Mr. Isaac	
35. McKim Productions Ltd.	Mr. Holliday	
36. Maclean Hunter Publishing Co. Ltd.	Mr. Johnson	
37. Market Maid Corp. of Canada Ltd.	Mr. Badger	
38. Mason Trophy Co.	Mr. Mason	
39. Monarch Papers Ltd.	Mr. Frieday	
40. National Paper Goods Ltd.	Mr. Holton	x
41. Northern Electric Co. Ltd.	Mr. Ellarby	
42. Omiprose Ltd.	Mr. Hall	
43. Peoples Credit Jewellers Ltd.	Mr. Southard	x
44. Readers Digest Assoc. Ltd.	Mr. Morris	x
45. Robson Printers Ltd.	Mr. Blandford	
46. Rolland Paper Co. Ltd.	Mr. Sauve	
47. Ronalds-Reynolds Co.	Mr. Evans	
48. Roussel (Canada) Ltd.	Mr. Eastwood	
49. The Ryerson Press	Mr. Truss	





	<u>Advertiser</u>	<u>Unit</u>	<u>Sampled</u>
50.	Secretarial Associates	Mr. Moffitt	
51.	Separator Engineering Ltd.	Mr. Tubbs	
52.	Simpson Press Ltd.	Mr. Simpson	
53.	Sovreign Seat Cover Mftg. Ltd.	Mr. McDonald	
54.	Traders Group Ltd.	Mr. Laggatt	
55.	United Paper Mills Ltd.	Mr. Dickson	x
56.	Victoria Paper Co. Ltd.	The President	
57.	Ontario Hydro	Mr. Wright	x
58.	Shell Canada Ltd.	Mr. Gunter	x
59.	Canadian Gov't Travel Bureau	Mr. Gales	x
60.	Imperial Oil Ltd.	Mr. Twaits	x
61.	Gulf Oil Canada	Mr. Mueller	x
62.	Texaco Canada	Mr. King	x
63.	Bank of Nova Scotia	Mr. Hitchman	x
64.	Bank of Montreal	Mr. Moore	x
65.	Royal Bank of Canada	Mr. Hardy	x
66.	Canadian Imperial Bank of Commerce	Mr. Lennard	x
67.	Proctor and Gamble Co.	Vice President	x
68.	Colgate - Palmolive	Vice President	x
69.	Department of Industry and Commerce (Sask.)	Direct Mail Division	x
70.	Canadian Printer and Publisher	Mr. Forbes	x
71.	Encyclopedia Britanica	Mr. Duggan	x
72.	Sutson Ltd.	Mr. Becker	x
73.	City of Edmonton		x



<u>Advertiser</u>	<u>Unit</u>	<u>Sampled</u>
74. MacDonald Hotel (Agency)		x
75. Jasper Park Hotel (Agency)		x
76. Department of Industry (Alberta)	Direct Mail Division	x

#### Association Population of Interest

1. Canadian Direct Mail Association	Mr. Baker	x
2. American Marketing Association	Jane Rue	x
3. Ass. of Canadian Adv. Ins.	Mr. Legate	x
4. Audit Bureau of Circulation	Mr. Wolcott	x
5. Canadian Adv. Advisory Board	Mr. Oliver	x
6. Canadian Research Foundation	Mr. Philip	x
7. Direct Mail Association of America	President	x
8. American Association of Advertising Agencies	Mr. Sloan	x
9. American Advertising Federation	Mr. Sondemon	x
10. Associated 3rd Class Mailers	Mr. Halliday	x
11. Association of Industrial Advertisers	President	x
12. Association of National Advertisers	Mr. Shulins	x
13. Mail Advertising Service Assoc.	President	x
14. Mail Order Assoc. of America	President	x



## APPENDIX II

## RESEARCH TOOLS

## The Questionnaires

Personal Interview Questionnaire

Name of Advertising Agency \_\_\_\_\_

Name of Person Interviewed \_\_\_\_\_

His Position \_\_\_\_\_

Date of Interview \_\_\_\_\_

Where Interviewed \_\_\_\_\_

Length of Interview \_\_\_\_\_

1. Does your agency use the medium of direct mail only for the purposes of supporting the other media or as a medium in its own right?

Supporting medium only \_\_\_\_\_

Entirely on its own \_\_\_\_\_

Both \_\_\_\_\_

2. What percentage of your customers used direct mail advertising this year (1968)?



3. What is this agency's role (function) in direct mail advertising?

Prepare entire campaign	_____
Prepares advertisement only	_____
Places advertisements only	_____
Prepares mailing list only	_____
Art work and graphics only	_____

4. Will a switch from the commission to a fee basis increase the possibilities of direct mail advertising?

Yes \_\_\_\_\_

No \_\_\_\_\_

4a. Why?

5. When should the direct mail advertising medium be used in preference to the other advertising media?

When there is a specific market segment \_\_\_\_\_

To obtain sales leads \_\_\_\_\_

To announce new products \_\_\_\_\_

To solicit inquiries \_\_\_\_\_

To deliver detailed information \_\_\_\_\_

When advertising a consumer product \_\_\_\_\_

where instant response is wanted \_\_\_\_\_

When giving away samples \_\_\_\_\_

Where price is important \_\_\_\_\_

Leisure time products \_\_\_\_\_

6. When wouldn't the direct mail medium be used in preference to the other media?

Institutional Advertising \_\_\_\_\_





Reaching the Mass Market \_\_\_\_\_

For large products (cars) \_\_\_\_\_

Those sold to the final consumer \_\_\_\_\_

When repetition is desired \_\_\_\_\_

7. What types of products are most suited to direct mail advertising?

Industrial \_\_\_\_\_

Consumer \_\_\_\_\_

Consumer, when instant response is  
wanted \_\_\_\_\_

Leisure time, vacations, tourism \_\_\_\_\_

8. What advantages does direct mail enjoy compared to the other media?

Selectivity \_\_\_\_\_

Flexibility \_\_\_\_\_

Minimum Waste Circulation \_\_\_\_\_

Wide Variety of Forms \_\_\_\_\_

Privacy \_\_\_\_\_

Lack of Distraction \_\_\_\_\_

Personal and Specific \_\_\_\_\_

Sent to Most Receptive Address \_\_\_\_\_

Speed to put together and get out \_\_\_\_\_

Tested as it proceeds \_\_\_\_\_

Directly traceable results \_\_\_\_\_



8a. What disadvantages does the direct mail medium have when compared to the other media?

Compiling a mailing list \_\_\_\_\_

Deterioration of mailing list \_\_\_\_\_

Difficulty of getting people to  
open mail \_\_\_\_\_

Troublesome to persons addressed \_\_\_\_\_

Need for specialized skill \_\_\_\_\_

9. What types of firms use direct mail most extensively?

Speciality Store \_\_\_\_\_

Industrial Manufacturers \_\_\_\_\_

Travel and Leisure Time \_\_\_\_\_

New Businesses \_\_\_\_\_

Consumer Service Industries \_\_\_\_\_

Consumer Goods Industries \_\_\_\_\_

National \_\_\_\_\_

Local \_\_\_\_\_

10. What is the source of your mailing list?

10a. What should be looked for, in surveys, in order to compile direct mail lists?

11. Advertising is designed to lead a consumer through the six stages listed. Which of these stages is the medium of direct mail most suited for? (show the list)

Unawareness \_\_\_\_\_

Awareness \_\_\_\_\_

Knowledge \_\_\_\_\_



Liking	_____
Preference	_____
Conviction	_____
Purchase	_____

12. What percentage of your client's advertising appropriation was spent on the medium of direct mail?

Industrial clients	_____
Consumer service	_____
Consumer goods	_____
Tourism	_____

13. What is your cost schedule for direct mail advertising?

14. What factors determine the effectiveness of this medium?

Opening the letter	_____
Reading it	_____
Recognition	_____
Recall	_____
Finding the market segment	_____

15. What percentage of the people who receive direct mail

open it	_____
read it	_____
recognize it	_____
recall it	_____

16. Do you keep records or do you know clients of yours who keep records of the response to direct mail advertising?





17. What percentage of the total mailing can be expected to generate further inquiries?
18. What percentage of those people inquiring are used as sales leads by salesmen?
19. What percentage of these leads result in sales?
- 19a. What percentage of those people receiving direct mail buy the product as a result of the mailing?
20. What percentage of the coupons which are mailed are cashed in?
21. Do coupon sales increase sales or do they accelerate sales, i.e. borrow from future sales?
- |          |       |
|----------|-------|
| increase | _____ |
| borrow   | _____ |
| other    | _____ |
- 21a. Explain?
22. Direct mail advertising has changed extensively over the last several years. What form do you see it taking the near future in order to catch the public eye more effectively?
23. What dollar volume of direct mail advertising does your firm (local branch) handle per year?
24. What medium do you use in advertising your agency?



Questions Asked of Local Advertisers

Interviewee \_\_\_\_\_  
Name of person interviewed \_\_\_\_\_  
His position \_\_\_\_\_  
Date of Interview \_\_\_\_\_  
Where interviewed \_\_\_\_\_  
Length of interview \_\_\_\_\_

1. How many direct mail pieces did Company X mail in the year 1968 (if information is not available for 1968 use a year where it is)?
2. What percentage of this total mailing resulted in:
  - a) further inquiries by the receiver?
  - b) sales?
  - c) negative replies?
3. What percentage of the people who received these direct mail pieces:
  - a) opened them?
  - b) read them?
  - c) found them beneficial?
  - d) found them annoying?
4. What was the source of your mailing list?
5. What was the cost per direct mail piece sent out? Break down the costs if possible.  
mailing?  
Production?  
Design?



6. Would you please list any other sources of information which you feel would help in this study?

### Letters

#### Agency and Association Letter

#11-10645 - 85 Avenue  
Edmonton 60, Alberta  
June 6, 1969

Mr. E. Harry Woodley, Secretary-Manager  
Canadian Direct Mail Association  
4102 Kingston Avenue,  
Montreal 28, Quebec.

Dear Mr. Woodley:

This letter is written to you to inquire into the possibility of obtaining information and potential sources of information concerning direct mail advertising.

Due to the paucity of information concerning direct mail, I have decided to investigate the characteristics, values, and effectiveness of this medium. The information gathered in this study will be used to complete my thesis ("The Effectiveness of Direct Mail Advertising") for the degree of Master of Business Administration at the University of Alberta, Edmonton. The study is being conducted under the supervision of Dr. Montgomery, Associate Professor of Marketing, Faculty of Business Administration of the University of Alberta.

Direct Mail advertising has come to be known as "junk mail", yet there seems to be no decrease in the amount of direct mail advertising conducted by Canadian companies. Advertising and Marketing research text books devote at most a few lines to this important medium and few published studies deal exclusively with the effectiveness of this method of sales promotion.

It is therefore the aim of this study to:

1. Resolve an inconsistency, i.e. little is known about direct mail yet its use is increasing,



2. enhance success in advertising management by helping to select the best medium available for the particular advertising purpose,
3. measure the effectiveness of direct mail advertising,
4. discover why and when direct mail advertising is used in preference to the other advertising media,
5. discover the purposes for which it is presently used,
6. discover the types of firms using this medium, their absolute number, and the percentage of their advertising budget spent on this method of advertising, and
7. discover the characteristics of direct mail advertising that make it suitable for certain purposes.

Due to the central position and the interest which the Canadian Direct Mail Association has in direct mail advertising, I feel that any information which you can supply me with concerning this medium would be extremely beneficial to the study. I would be particularly grateful if you would answer the following questions backed by examples where possible. Of course, all the information supplied will be considered confidential.

1. What percentage of a total direct mailing, in the experience of your firm, would be expected to result in:
  - a) further inquiries by the receiver?
  - b) leads for the salesmen?
  - c) sales?
  - d) negative replies?

Use a specific 1968 campaign if you do not have the information averaged.

2. What percentage of the people who receive direct mail:
  - a) open it?
  - b) read it?
  - c) find it beneficial?
  - d) find it annoying?
3. What are the costs of direct mail advertising?
4. Would you please list any other sources of information which you feel would help in this study.





I would be grateful for this and any other information which you may consider of value in the conduct of this study.

Please reply as soon as possible as this information is essential to the early completion (August 1, 1969) of the study. The results of this study may be obtained from the University of Alberta.

Yours very sincerely,

Dale Landry  
B. Commerce  
M.B.A. (candidate)

DL/pb

Advertiser's Letter

#11-10645 - 85 Avenue,  
Edmonton 60, Alberta  
June 6, 1969

Mr. Gaston Lavoie, Vice President  
Grolier Ltd.,  
2405 Duncan Road,  
Montreal 9, Québec

Dear Mr. Lavoie:

This letter is written to you to inquire into the possibility of obtaining information and potential sources of information concerning direct mail advertising.

Due to the paucity of information concerning direct mail, I have decided to investigate the characteristics, values, and effectiveness of this medium. The information gathered in this study will be used to complete my thesis ("The Effectiveness of Direct Mail Advertising") for the degree of Master of Business Administration at the University of Alberta, Edmonton. The study is being conducted under the supervision of Dr. Montgomery, Associate Professor of Marketing, Faculty of Business Administration of the University of Alberta.



Direct mail advertising has come to be known as "junk mail", yet there seems to be no decrease in the amount of direct mail advertising conducted by Canadian companies. Advertising and Marketing research text books devote at most a few lines to this important medium and few published studies deal exclusively with the effectiveness of this method of sales promotion.

It is therefore the aim of this study to:

1. resolve an inconsistency, i.e. little is known about direct mail yet its use is increasing,
2. enhance success in advertising management by helping to select the best medium available for the particular advertising purpose,
3. measure the effectiveness of direct mail advertising,
4. discover why and when direct mail advertising is used in preference to the other advertising media,
5. discover the purposes for which it is presently used,
6. discover the types of firms using this medium, their absolute number, and the percentage of their advertising budget spent on this method of advertising, and
7. discover the characteristics of direct mail advertising that make it suitable for certain purposes.

Due to the amount of direct mail advertising Grolier Ltd. does each year, I feel that any information which you can supply me with concerning this medium would be extremely beneficial in determining its importance and effectiveness. I would be particularly grateful if you would answer the following questions, backed by examples where possible. Of course, all information supplied will be considered as confidential.

1. How many direct mail pieces did Grolier Ltd. mail in 1968 (if information is not available for 1968 use a year where it is)?
2. What percentage of this total mailing resulted in:
  - a) further inquiries by the receivers?
  - b) sales
  - c) negative replies?



3. What percentage of the people who received these direct mail pieces:
  - a) opened them?
  - b) read them?
  - c) found them beneficial?
  - d) found them annoying?
4. What was the source of your mailing list?
5. What was the cost per direct mail piece sent out? Break down the costs if possible.
6. Would you please list any other sources of information which you feel would help in this study.

I would be grateful for this and any other information which you may consider of value in the conduct of this study.

Please reply as soon as possible as this information is essential to the early completion (August 1, 1969) of the study. The results of this study may be obtained from the University of Alberta.

Yours very sincerely,

Dale Landry  
B. Commerce  
M.B.A. (candidate)

DL/pb





## APPENDIX III

## RANKINGS AND EXPLANATIONS

## Rankings

## HOW DIRECT MAIL ADVERTISING IS USED

<u>Agency</u>	<u>Advertiser</u>	<u>Association</u>
Target market detailed information New Products Inquiries, sales leads initiate buying habits obtain orders, sales	Target market orders, sales detailed information new products Follow up mass build traffic	Inquiries, salesleads orders, sales detailed information initiate buying habits target market new products
Persuade Wholesalers Invitations Retain old customers Price announcements Market surveys Promotions Mailing list	Retain old customers Corporation image inquiries, sales leads employees initiate buying habits Price announcements Persuade Whole- salers	market surveys building traffic Retain old customers Persuade Whole- salers Price announce- ments Invitations Promotion
Employees building traffic follow up mass corporation image test advertisements develop sales	Invitations promotion mailing list develop sales market surveys test advertisements	follow up mass corporation image employees develop sales mailing list test advertise- ments



USES FOR WHICH DIRECT MAIL  
IS PREFERRED

Agency	Advertiser	Association
detailed information target market sales leads	target market detailed informa- tion sales leads	orders detailed infor- mation sales leads
orders inquiries initiate buying habits	inquiries initiate buying habits orders, sales	inquiries initiate buying habits target market
price announcements new product	corporation image new products price announce- ments	price announce- ments new products

USES WHERE OTHER MEDIA ARE  
PREFERRED TO DIRECT MAIL

Agency	Advertiser	Association
mass market	mass market	mass market
Corporation image Final consumer	Corporation image Repetition	Corporation image Final Consumer
Repetition Large products	Final consumer Large products	Large products Repetition

Explanations

Credit Card Reactivation<sup>1</sup>

Direct mail's ability to provoke an action is used by the oil companies to wake up dormant credit accounts

<sup>1</sup>This information was obtained from one of the oil companies. The company wished to remain anonymous.



and to encourage activate accounts to become more active. Periodically all accounts receive a promotional merchandize offer through the mails. Customer's tend to favor the account to which they are already making payments (according to department store and oil company logic) and, therefore, if they can be influenced into using their account for any reason, they will continue to do so.

A large number of merchandize items are tested to see which have the most customer appeal. The winners are then priced so that they not only have good value, but they are obviously a bargain. To encourage responses sweepstakes are then often laid on.



## APPENDIX IV

## OTHER STUDIES

Ontario Hydro<sup>1</sup>

In February 1967, Ontario Hydro conducted a study in an effort to determine the effectiveness of billing stuffers after receiving one complaint out of 700,000 mailings. Ontario Hydro's Advertising Department with the assistance of an independent research organization, Market Facts of Canada, under-took this study.

A special bill enclosure which contained a hidden offer was designed. The reader was asked to complete a simple questionnaire and was invited to phone or write to the supply authority in order to obtain the free gift of a ball point pen and a set of recipes. The reader had to read the entire copy to be aware of the free gift order.

Eight days after the bill had been delivered to the customer's homes, 200 telephone calls were made in each municipality by trained interviewers. Enquiries were made

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<sup>1</sup>This information was received from Ontario Hydro in a personal interview.





concerning the recollection of the special concealed offer. The interviews were carried out from Toronto in the evenings, using Ontario Hydro's long distance lines.

The answers obtained yielded a measure of the readership of the enclosure. Twenty-one percent of the respondents recalled the offer. According to Ontario Hydro this percentage is regarded as very satisfactory and is better than usually encountered in readership or listening or viewing studies in other media. These results were obtained at a cost of 2.4 cents per recaller.

Ontario Hydro believes that this is a satisfactory and effective form of advertising at an attractively low cost. As for the one complaint which they received, they did not comply with the complainer's request. According to Ontario Hydro, "It is a bit like the Scotchman who died and was refused admittance to heaven. The angels simply refused to make porridge for one."

Ontario<sup>1</sup> Medical Association Convention  
Address

D. B. Mahoney, Advertising Manager for Frank W. Horner Ltd., Montreal, reported the following data on an address to the Ontario Medical Association, May 13, 1958.

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<sup>1</sup>John D. Yeck and John T. Maquire, Planning and Creating Better Direct Mail reported the following study, p. 24.



Where did physicians learn of drugs which they had prescribed for the first time?

		<u>Percent</u>
1.	1. detail men	44
	2. direct mail from drug firms	22
	3. papers in journals	17
	4. advertisements in journal	15
	5. discussions with other doctors	11
	6. staff meetings at hospitals	5
	7. national medical conventions	2

Some gave 2 sources.

This would seem to indicate that direct mail is almost as effective in promoting products to physicians as are salesmen. It is definitely more effective than are the other media.

General Practitioners received their information for the last new product which they prescribed from:

detail men	48
direct mail	30
medical journals advertisements	18
medical journal articles	14

The promotional dollar of the drug industry is also divided. Forty-five to 55 percent of the promotional budget is spent on detail men while direct mail receives from 15 - 20 percent of the promotional dollar and medical journals only 10 - 15 percent.

#### Canadian Physician's Attitudes to Medical Mail

Physicians, who represent the most heavily mailed segment of the market, notwithstanding the many reports and arguments to the contrary, do for the most part examine their direct mail. Over a period of fifteen years, the accumulated total of all Canadian doctors who actually refuse



mail amounts to less than 2 percent of the current physician population.<sup>1</sup>

This was substantiated in a study of the Canadian Physician's Attitude to Medical Mail Advertising and Pharmaceutical Literature conducted by Canadian Facts Co. Limited for Canadian Mailings Limited. The entire study was placed under the control of Canadian Facts Limited.<sup>2</sup>

Questionnaires were mailed to a randomly selected sample of 1500 Canadian doctors, followed when necessary by up to two reminders. A total of 888 of these doctors finally returned the questionnaire.

It appeared that the older the doctor and the more prescriptions which he wrote each day, the more favorable his attitude tended to be to mailed literature.

Are the literature and samples mailed to you by pharmaceutical companies of important value to you in your practice?

	All doctors	English	French	G.P.'s	Specialists
Total	888	691	197	427	461
Yes	68%	63%	85%	76%	61%
No	31	36	15	23	39
Not stated	1	1	--	1	--

An overwhelming majority of the doctors preserve for themselves the right to inspect all their mail. This was equally true of G.P.'s and specialists, but particularly

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<sup>1</sup>A. J. Cooper, Research Manager, Seccombe House.

<sup>2</sup>Canadian Facts Co. Limited, A Study of Canadian Physician's Attitudes to Medical Mail Advertising and Pharmaceutical Literature.





true of French speaking doctors.

Is any of your pharmaceutical mail discarded  
by anyone before you see it?

	All doctors	English	French	G.P.'s	Specialists
Total	888	691	197	427	461
	%	%	%	%	%
Yes, allow screening	16	17	9	15	15
No, no screening	83	81	90	83	83
All discarded	1	1	--	1	1
Not stated		1	1	1	1

Do you make a point of trying at least to look  
at all your advertising mail?

	All doctors	English	French	G.P.'s	Specialists
Total	888	691	197	427	461
	%	%	%	%	%
Yes	70	68	78	72	69
No	28	31	19	25	30
Sometimes	1	1	2	2	1
Not stated	1		1	1	

### An American Study

In a study done by the direct mail committee  
of the Association of Industrial Advertisers conducted  
by Roy G. Ljungion and reported in The Reporter of Direct  
Mail Advertising<sup>1</sup> the following results were obtained.

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<sup>1</sup>"Direct Mail Getting Bigger Among Industrial  
Advertisers" The Reporter of Direct Mail Advertising,  
January 1969.



# HOW ADVERTISERS AND AGENCIES USE DIRECT MAIL

Purpose	Ad Manager	Agency Personnel
To announce new products	75%	90%
To inform of product features or benefits	75%	79%
To obtain sales leads	71%	94%
To solicit inquiries	60%	81%
To announce change in prices, addresses, etc.	55%	59%
To improve corporate image	45%	55%
To conduct market surveys	45%	67%
To keep distributors or reps informed of operations	39%	53%
To invite prospects to openings, shows or conferences	31%	49%
To promote incentive programs, contests, etc.	26%	61%
To solicit orders (industrial)	18%	49%
To train personnel	12%	23%
To develop prospective distributors of reps	7%	27%
To promote advertising sales promotion to distribution reps	X	64%
To Conduct publication readership and preference surveys	X	47%

It was also discovered that 60 percent of the Direct Mail projects are initiated by the agency and 40 percent by their clients.

A random sample of 3831 was mailed the questionnaire. Only 26 percent of these people responded, however.

## Examples Given by Edmonton Agencies

### Hotel Advertising

The following is an example of the use of direct mail in reaching an easily defined market segment, to advertise a product which is new to the addressees, to build the store traffic, and develop sales where the mass



media do not read.

Servicemen get a cut rate while staying at the MacDonald Hotel. However, very few servicemen were aware of this and very few servicemen read the Edmonton Journal.

Direct mail was used. The target market was easily identified. Either you are or you are not a serviceman. The market segment was easy to locate. A list of servicemen and their home base is easily obtainable.

Personally addressed letters were sent to the target market, mainly in the Cold Lake area. The servicemen thereby became aware of the existence of the product. Only 2 percent of the advertising budget was spent on this form of advertising and servicemen are still responding to this one year old campaign.

#### Cookery Manufacturer

"Cold lists" also are effective. For example consider the case of a small pot and pan (cookery) manufacturer in Edmonton. This firm advertised completely in the direct mail medium. It sent out 500,000 pieces a year with coupons attached. One free set was promised to one of the people who returned a coupon.

Five percent of the coupons were returned. The returned coupons were used as leads for salesmen. 1,250 sales were made per year as a result of these sales leads.



A "cold list" was used and, therefore, direct mail was not at its best. It was still the cheapest form of advertising for the cookery manufacturer, however.

It should, therefore, be concluded that if the product is acceptable, the appeal favorable, and the list right; direct mail advertising will succeed.











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